BANK MERGERS: A PERFORMANCE EVALUATION THROUGH CAMEL APPROACH

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ABSTRACT

In the present business world the corporate and PSUs have polished of major rebuilding through consolidation and obtaining procedures. This is very much recognized truth Mergers and Acquisitions are being considered as a respected procedure for expansion. This exploration paper depends on how the consolidation of SBI partners into its folk's organization influences the monetary presentation on combination premise. In this article we investigated the monetary situation before consolidation and after consolidation of SBI and discover an expansion in the productivity by couple of boundaries in short run while it gives the climb in execution. This examination article likewise uncovers the reality and figures how consolidations and acquisitions have results and impacts on monetary situation of the bank execution thinking about a long time from the most punctual beginning stage of pre and post discernment period. In this paper, an endeavor is being made to break down and think about the pre and post-consolidation execution of gaining banks during the period 2013-2020 with the assistance of the CAMEL proportions. For this reason SBI bank consolidations in India was chosen for the review and diverse monetary proportions are considered to ponder the accompanying significant boundaries like capital sufficiency, resource quality, the executives proficiency, acquiring quality and liquidity.

Keywords:- CAMEL Ratios, Merger, Pre & Post merger value of SBI

Introduction

The Banking System is key to a country's economy as it takes into account the requirements of credit for every one of the areas of the general public. Improvement of banking adds to the advancement of the economy. A productive monetary framework is a pointer of the strength of the economy which thus relies on sound financial strategies and framework. Consolidations and Acquisitions are driving pieces of a corporate development diagram. Consolidation is a lawful combination of two substances into one element while Acquisition happens when one element takes responsibility for. Consolidations and Acquisition arose as perhaps the best and normal method of corporate rebuilding and reinforcing Banks. Presently banks go into the period of Mergers and Acquisitions to enable their business. The Indian Banking Sector has gone through a tempest of consolidations lately. The fundamental part of Mergers and Acquisitions is the collaboration that organizations could acquire after blend and in this manner expand investors' esteem. Economies of scale, capacity to procure more income and the potential for charge gains are the results.

State Bank of India is an Indian Multinational, Public Sector Undertaking and Financial Services Company. It is an administration-owned partnership settled in Mumbai Maharashtra. Advancement of SBI happened in the mid nineteenth Century. The Bank of Calcutta was established in 1806 and was renamed in 1809 as The Bank of Bengal under the Bengal government. Moreover the Bank of Bombay and the Bank of Madras appeared. Then, at that point, these three banks were combined and amalgamated to shape Imperial Bank of India on 27th January, 1921 which thus became State Bank of India in 1955. The Government of India assumed responsibility for Imperial Bank with a 60% stake held by the Reserve Bank of India which was shocked by the public authority in 2008. The State Bank of India (Subsidiaries Act) passed by the public authority in 1959 allowed the bank to make eight previous state related Banks as its auxiliaries.

The following is the sequence of the mergers taken place under SBI Act of 1955 from foremost till the latest one:

➔ 2008 SBI merged with State Bank of Saurashtra
➔ 2010 SBI merged with State Bank of Indore
➔ 2016 State Bank of Bikaner and Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala and State Bank of Travancore, and Bharatiya Mahila Bank were merged with State Bank of India with effect from April 01, 2017.

Review of Literature

Susmitha, M., Mouneswari, V., (2017), Financial Performance Analysis of Syndicate Bank Using Camel. This paper attempts to evaluate the financial performance of the Syndicate bank using CAMEL model. It is found out that all ratios under CAMEL Model were satisfactory. Therefore, the overall financial performance of Syndicate bank was satisfactory.

Dr.Tanwar, Nidhi, (2017), Performance analysis of Indian banks using camel approach. This paper examines the impact of mergers and acquisitions on the financial and operating performance of banks that have been merged during the post liberalization period by using a camel model. Further, the Government should not promote merger between strong and distressed banks as a way to promote the interest of the depositors of distressed banks, as it is unfavorable for the asset quality of the stronger banks.

Dr. K.P, Veena, Prof., Patti, S.N., (2016), Financial Performance Analysis of Pre And Post Merger In Banking Sector. This is the study with reference to ICICI Bank Ltd. this study is to highlights the theoretical background and impact on pre and post-merger financial performance of ICICI bank Ltd. and to look at the profitableness the CAMEL Model analysis of pre-Merger and post-Merger Profitability of quantitative relation analysis of pre and post-merger monetary performance in ICICI bank Ltd and to check the liquidity quantitative relation analysis of pre and additionally post-merger financial performance in ICICI bank Ltd. This study concludes the post- merger monetary performance is best compared to the pre-merger monetary performance of ICICI bank Ltd.

Kaur, Jagjeet, Dr. Kaur, Vineet, Harsh, (2016), Camel analysis of selected public sector banks. The main aim of this paper was to assess the financial performance of Indian public sector banks using the camel model. Under this study, it is concluded that CBI is the only bank which is not performing well either individually or as a composite.

Statement of the Problem:-

The Indian Banking Sector has gone through a tempest of consolidations lately. The fundamental part of Mergers and Acquisitions is the collaboration that organizations could acquire after blend and in this manner expand investors' esteem.

Objectives of the Study

★ To analyze the Pre-Merger and Post-Merger financial performance of the SBI and its associate banks using the CAMEL approach.

CAMEL:-

CAMEL Model is utilized for estimating the Pre-Merger and Post-Merger monetary execution of Banks. The conventional methodology of proportion investigation under the CAMEL approach is linked with the end goal of computation. Normal upsides of Pre-Merger information of all the SBI partners banks have been determined based on their individual budget summaries with the end goal of the review. Additionally, the pre-consolidation normal worth of SBI and its partners have been taken for contrasting the pre-consolidation and post-consolidation monetary execution of the bank.

CAMEL MODEL:-

C – Capital Adequacy:-

The capital base of monetary establishments works with investors in framing their danger insight about the association. Likewise, it is a critical design for monetary directors to keep up with sufficient degrees of capitalization. Capital ampleness is extremely helpful for a bank to ration and secure partners' certainty and keep the bank from insolvency. As per this after proportions are thought of:

Capital Adequacy Ratio (CAR):-

Reserve Bank of India recommends banks to keep a base Capital to chance weighted Assets Ratio (CRAR) of 9 % with respect to credit hazard, market hazard, and functional danger on an ongoing premise, as against 8 % endorsed in Basel records. It is a mix of Tier I and Tier II capital.

Formula: Formula for calculating this ratio is:

$$CAR = \frac{\text{Tier 1 Capital} + \text{Tier 2 Capital}}{\text{Risk Weighted Assets}} \times 100$$

(In ‘000 omitted)

	Years	Tier 1 Capital	Tier 2 Capital	Tier 1 + Tier 2	RWA	%
Pre-Mergers	2013	112333	33512	145845	1125347	12.96
	2014	122025	32466	154491	1207905	12.79
	2015	135757	46043	181800	1304161	13.94
	2016	156506	50179	206685	1524226	13.56
Post-Mergers	2017	184146	49910	234056	1837174	12.74
	2018	194655	46418	241073	1876054	12.85
	2019	217477	49119	266596	2030434	13.13
	2020	244421	57559	301980	2185094	13.82

SBI is CAR Pre-Mergers in the year 2013-14 to 2016-17. The Percentage is the growth 12.96 to 13.56 it is increasing that mean SBI Financial Capital position is increasing highest at 13.94 in the year 2015-16 and Post-Mergers period is 2017-18 to 2020-21. The Percentage of CAR is also 12.74 to 13.82 Percentage Increasing, the highest at 13.82 in the year of 2020-21. The SBI Financial Capital position is good.

Reserve Bank of India prescribes banks to maintain a minimum Capital to risk-weighted Assets Ratio (CRAR) of 9 % with regard to credit risk, market risk and operational risk on an on-going basis, as against 8 % prescribed in Basel documents. It is the combination of Tier I and Tier II capital. But State Bank of India is maintaining on an average more than 13 per cent of Capital to risk weighted assets ratio.

Advances to Total Assets Ratio:-

This proportion shows the number of resources that has been given as the advances. A forceful bank will attempt to acquire more benefits by giving out more advances.

Formula: Formula for calculating this ratio is:

$$\text{Advances to Total Assets Ratio} = \frac{\text{Advances}}{\text{Total Assets}} \times 100$$

(In ‘000 omitted)

	Years	Advances	Total Assets	%
Pre-Mergers	2013	1209829	1792748	67.48
	2014	1300026	2048080	63.48
	2015	1463700	2357617	62.08
	2016	1571078	2705966	58.06
Post-Mergers	2017	1934880	3454752	56.01
	2018	2185877	3680914	59.38
	2019	2325290	3951394	58.85
	2020	2449498	4534430	54.02

This ratio indicates a bank's aggressiveness in lending which ultimately results in better profitability. The higher the ratio, the more the loan-assets created from deposits. SBI is the percentage of Pre- Mergers in the 2013-14 to 2016-17 in the Percentage is decreasing in the SBI is not give the more the loan-assets created from deposits. The highest 67.48% in 2013-14 and lowest percentage of 58.06% in 2016-17 year. Then Post-Mergers of SBI in the years 2017-18 to 2020-21 the percentage of highest 59.38% in 2018-19 and Lowest percentage is 54.02% in the year 2020-21 the Highest percentage is given for the Loan and Created for the Assets in the years.

This ratio indicates a bank's aggressiveness in lending which ultimately results in better profitability. The higher the ratio, the more the loan-assets created from deposits. The table indicates the decreasing trend. It decreased from 59.38 per cent to 54.02 per cent during the post merge period.

A – Asset Quality :-

Resource quality decides the sufficiency of monetary organizations against loss of significant worth in the resources as resource weakness chances the dissolvability of the monetary foundations. The debilitating worth of resources has an overflow impact, as misfortunes are at last discounted against capital, which ultimately uncovered the procuring limit of the foundation. With this system, the resource quality is evaluated regarding the level and seriousness of non-performing resources, sufficiency of arrangements, dissemination of resources and so on Aside from this it likewise hampers productivity as the arrangement must be made on Gross NPAs. Following proportions are determined with respect to this:

Gross NPA to Gross Advances:-

Formula: Formula for calculating this ratio is:

$$\text{Gross NPA to Gross Advances} = \frac{\text{Gross NPA}}{\text{Gross Advances}} \times 100$$

(In '000 omitted)

	Years	Gross NPA	Gross Advances	%
Pre-Mergers	2013	61605	1209829	5.09
	2014	56725	1300026	4.36
	2015	98173	1463700	6.71
	2016	112343	1571078	7.15
Post-Mergers	2017	223427	1934880	11.55
	2018	172750	2185877	7.90
	2019	149092	2325290	6.41
	2020	126389	2449498	5.16

SBI Pre-Mergers of the years 2013-14 to 2016-17. The percentage is 5.09 to 7.15 it is Increasing but the lower than the percentage of 4.36% in the year 2014-15. The Post-Merger of SBI in the Financial year 2017-18 to 2020-21. The percentage of 11.55 to 5.16 it is Decreasing, the lower percentage is 5.16% and pre, post- Mergers of the lower percent is profitable 4.36% in the year 2014-15, because "A lower percent means that the NPAs of the banks is low and is preferred as it indicates good quality of the loans".

The ratio of gross non-performing assets to Gross Advances has decreased from 11.55 per cent to 5.16 per cent. It is one type of positive sign. But it is higher than what the RBI prescribed of 0.25 per cent.

Net NPA to Net Advances :-

Net NPA is determined by lessening the aggregate equilibrium of arrangements remarkable at the period end from gross NPA. This proportion shows how much credits have been transformed into awful obligations as against the aggregate sum given as advance.

Formula:

$$\textbf{Net NPA to Net Advances} = \frac{\textbf{Net NPA}}{\textbf{Net Advances}} \times 100$$

(In '000 omitted)

	Years	Net NPA	Net Advances	%
Pre-Mergers	2013-14	31096	1209829	2.57
	2014-15	27,591	1300026	2.12
	2015-16	55,807	1463700	3.81
	2016-17	58,277	1571078	3.71
Post-Mergers	2017-18	110855	1934880	5.73
	2018-19	65,895	2185877	3.01
	2019-20	51,871	2325290	2.23
	2020-21	36,810	2449498	1.50

Lower percentage is preferable as non-payments lead to losses to the bank and poor quality of assets but sometimes increased assets is the cause of lower ratio. In SBI Pre-Mergers of the years 2013-14 to 2016-17 in this year's percentage is 2.57 to 3.71 it is increasing the Lower percentage is 2.12% and Post-Mergers of the financial years 2017-18 to 2020-21 in this year's percentage is 5.73 to 1.50 it is decreasing the lower percentage is 1.50% in the financial year 2020-21, it is increasing the Assets.

The ratio of net non-performing assets to Gross Advances has decreased from 5.73 per cent to 1.50 per cent. It is one type of positive sign. But it is higher than what the RBI prescribed of 0.25 per cent.

M – Management Capability of the Banks:-

The M part addresses the capacity of the administration to distinguish, measure, screen and control the danger. The proportions determined under the abbreviation M are:

Business per Employee:-

This proportion shows how well the representatives of the banks are working. Fundamentally it shows input yield relationship of worker and business.

Formula:

$$\text{Business per Employee} = \frac{\text{Total Business (Deposit + Advances)}}{\text{No. of Employees}}$$

(In '000 omitted)

	Years	Deposit	Advances	No.of Employee	%
Pre-Mergers	2013-14	1394409	1209829	222033	11.73
	2014-15	1576793	1300026	213238	13.49
	2015-16	1730722	1463700	207739	15.38
	2016-17	2044751	1571078	209572	17.25
Post-Mergers	2017-18	2706344	1934880	264041	17.58
	2018-19	2911386	2185877	259980	19.61
	2019-20	3241621	2325290	249448	22.32
	2020-21	3681277	2449498	245652	24.96

The Higher percentage indicates the greater efficiency of the employees. SBI Pre-Mergers Financial years 2013-14 to 2016-17 in this year's percentage is 11.73 to 17.25, it is increasing, the highest one is 17.25% the financial year is 2016-17. The Post-Mergers financial years 2017-18 to 2020-21 in this year's 17.58 to 24.96, it is increasing. The higher percentage is 24.96 in the financial year 2020-21.

Business per employee has shown increasing trend and it increased from 17..58 times to 24.96 times.

Profit per Employee:-

This proportion demonstrates the commitment of every worker to the benefit of the banks.

Formula:

$$\text{Profit per Employee} = \frac{\text{Net Profit}}{\text{No.of Employees}}$$

(In '000 omitted)

	Years	Net Profit	No.of Employees	Profit per Employee
Pre-Mergers	2013-14	108911717	222033	491
	2014-15	131,015,720	213238	614
	2015-16	99,506,537	207739	479
	2016-17	104,841,026	209572	500
Post-Mergers	2017-18	-65474537	264041	-248
	2018-19	8,622,298	259980	33
	2019-20	144,881,106	249448	581
	2020-21	204,104,694	245652	831

The Higher profit is preferable. SBI Pre-Merger financial years 2013-14 the profit per employee is 491 to 500, it is increasing and decreasing order of the profit per employee and the higher one is 614 in the financial year 2014-15, Post-Mergers financial years 2017-18 to 2020-21 the profit per employee is 831 in the Financial year 2020-21 is preferable.

Profit per employee ratio indicates the contribution of each employee in the profitability of the bank. The contribution of each employee has been increased from (-) 248 times to 831 times.

Return on Assets (ROA):-

This Ratio demonstrates how beneficial a bank is according to its all-out resources.

Formula:

$$\text{Return on Assets} = \frac{\text{Net Income}}{\text{Total Assets}} \times 100$$

(In '000 omitted)

	Years	Net Income	Total Assets	%
Pre-Mergers	2013	154904	1792748	8.64
	2014	174,973	2048080	8.54
	2015	191,844	2357617	8.14
	2016	210,979	2705966	7.80
Post-Mergers	2017	265100	3454752	7.67
	2018	279,644	3680914	7.60
	2019	302,545	3951394	7.66
	2020	308,647	4534430	6.81

The Higher ROA is better. SBI Pre-Mergers higher ROA is 2013-14 and 2014-15 is 8.64% and Post-Mergers higher ROA is 2017-18 to 2019-20 is 7.67% it is higher ROA.

The bank is not able to generate the income when related with total assets. Because the percentage of Return on Assets has fallen down from 7.67 per cent to 6.81 per cent during the post-mergers period.

Return on Equity:-

This proportion demonstrates the capacity of the banks to create benefits from their investor's abundance.

Formula:

$$\text{Return on Equity} = \frac{\text{Net Income}}{\text{Share holders wealth}} \times 100$$

(In '000 omitted)

	Years	Net Income	Shareholders wealth	%
Pre-Mergers	2013-14	154904	1476682.555	10.49
	2014-15	174,973	1566454.79	11.17
	2015-16	191,844	2478604.651	7.74
	2016-17	210,979	2910055.172	7.25
Post-Mergers	2017-18	265100	-7013227.513	-3.78
	2018-19	279,644	58259166.67	0.48
	2019-20	302,545	3908850.129	7.74
	2020-21	308,647	3105100.604	9.94

The higher ratio is preferable. SBI Pre-Mergers is 11.17% in the financial year 2014-15, Post-Mergers higher ratio is 9.94% in the financial year 2020-21. The higher one is preferable of the year 2014-15.

The Return on Equity has shown increasing trend. It increased from (-)3.78 per cent to 9.94 per cent.

E – Earnings Quality:-

The nature of profit is a vital standard that decides the capacity of a bank to procure reliably. It essentially decides the benefit of a bank and clarifies its maintainability and development in profit in the future. Banks rely upon their solid ability of profit for playing out the exercises like subsidizing profits, keeping up with sufficient capital levels, accommodating chances of speculation for banks to develop, systems for taking part in new exercises, and keeping up with the cutthroat standpoint.

Operating profits to total Assets:-

Formula:

$$\text{Operating profits to Total Assets} = \frac{\text{EBIT}}{\text{Total Assets}} \times 100$$

(In '000 omitted)

	Years	EBIT	Total Assets	%
Pre-Mergers	2013-14	16174	1792748	0.90
	2014-15	25,855	2048080	1.26
	2015-16	13,774	2357617	0.58
	2016-17	14,855	2705966	0.55
Post-Mergers	2017-18	15528	3454752	0.45
	2018-19	1,607	3680914	0.04
	2019-20	25,063	3951394	0.63
	2020-21	27,541	4534430	0.61

This ratio indicates how much operating profits are generated through utilizing assets of the bank. The higher ratio is preferable as it indicates the assets being utilized to full capacity thus giving maximum profits. SBI Pre-Merger ratio is 1.26% in the financial year 2014-15 and Post-Merger is higher ratio is 0.63% in the financial year 2019-20 and Operating profit to total assets is both Pre and Post Merger of the financial years 2014-15 if Profitable.

Operating profit to total assets is very meager. It was 0.61 per cent during the last year.

Net Profits to Total Assets :-

This ratio indicates how much profit is left after paying off interest and taxes. Again it is calculated against total assets

Formula:

$$\text{Net profits to Total Assets} = \frac{\text{Earning After Interest and Taxes}}{\text{Total Assets}} \times 100$$

(In '000 omitted)

	Years	EAIT	Total Assets	%
Pre-Mergers	2013-14	10891	1792748	0.61
	2014-15	13,102	2048080	0.64
	2015-16	9,951	2357617	0.42
	2016-17	10,484	2705966	0.39
Post-Mergers	2017-18	-6547	3454752	-0.19
	2018-19	862	3680914	0.02
	2019-20	14,488	3951394	0.37
	2020-21	20,410	4534430	0.45

The higher ratio is preferable. In SBI Pre-Merger is higher ratio is 0.64% in the financial year is 2014-15 and Post-Mergers is the higher ratio is 0.45% in the financial year is 2020-21. Both Pre and Post Merger of the higher ratio is 0.64% in the financial year 2014-15 is preferable.

L – Liquidity:-

The hazard of liquidity is reviling to the picture of the bank. The bank needs to take legitimate consideration to support the liquidity hazard; simultaneously guaranteeing a great level of assets are put resources into exceptional yield creating protections, so it is in a situation to produce benefit with arrangement liquidity to the investors. The accompanying proportions are utilized to quantify the liquidity:

Liquid Assets to Total Assets:-

This proportion shows the % of fluid resources in the all-out resources of the bank asset report. This proportion estimates the general liquidity position of the bank. The fluid resources remember cash for hand, cash at call and short notification, offset with Reserve bank of India, and offset with banks. The absolute resources incorporate the revaluation of the relative multitude of resources.

Formula: $$\text{Liquid Assets to Total Assets} = \frac{\text{Liquid Assets}}{\text{Total Assets}} \times 100$$

(In '000 omitted)

	Years	Liquid Assets	Total Assets	%
Pre-Mergers	2013-14	132550	1792748	7.39
	2014-15	174,861	2048080	8.54
	2015-16	167,467	2357617	7.10
	2016-17	171,972	2705966	6.36
Post-Mergers	2017-18	191898	3454752	5.55
	2018-19	222,490	3680914	6.04
	2019-20	251,097	3951394	6.35
	2020-21	343,039	4534430	7.57

The Higher ratio will be considered better. SBI Pre-Mergers of 2014-15 is 8.54% and Post-Merger of the higher ratio financial year is2020-21 is 7.57% it is considered to better.

The liquid assets to total assets ratio has displayed an increasing trend. Increased from 5.55 to 7.57 per cent.

Liquid Assets to Total Deposits:-

This ratio measures the liquidity available to the depositors of a bank. It is calculated by dividing the liquid assets with total deposits.

Formula: $$\text{Liquid Assets to Total Deposits} = \frac{\text{Liquid Assets}}{\text{Total Deposits}} \times 100$$

(In '000 omitted)

	Years	Liquid Assets	Total Deposits	%
Pre-Mergers	2013-14	132550	1394409	9.51
	2014-15	174,861	1576793	11.09
	2015-16	167,467	1730722	9.68
	2016-17	171,972	2044751	8.41
Post-Mergers	2017-18	191898	2706344	7.09
	2018-19	222,490	2911386	7.64
	2019-20	251,097	3241621	7.75
	2020-21	343,039	3681277	9.32

The Higher ratio will be preferable. SBI is Pre-Mergers higher ratio of financial year is 2014-15 is 11.09% , and Post-Merger is higher ratio financial year 2020-21 is 9.32% it is preferable.

The liquid assets to total deposits ratio has shown an increasing trend. Increased from 7.09 to 9.32 per cent.

Findings

1. Reserve Bank of India prescribes banks to maintain a minimum Capital to risk-weighted Assets Ratio (CRAR) of 9 % with regard to credit risk, market risk and operational risk on an on-going basis, as against 8 % prescribed in Basel documents. It is the combination of Tier I and Tier II capital. But State Bank of India is maintaining on an average more than 13 per cent of Capital to risk weighted assets ratio.
2. Advances to total assets ratio indicates a bank's aggressiveness in lending which ultimately results in better profitability. The higher the ratio, the more the loan-assets created from deposits. The table indicates the decreasing trend. It decreased from 59.38 per cent to 54.02 per cent during the post merge period.
3. The ratio of net non-performing assets to Gross Advances has decreased from 5.73 per cent to 1.50 per cent. It is one type of positive sign. But it is higher than what the RBI prescribed of 0.25 per cent.
4. Business per employee has shown increasing trend and it increased from 17..58 times to 24.96 times.
5. Profit per employee ratio indicates the contribution of each employee in the profitability of the bank. The contribution of each employee has been increased from (-) 248 times to 831 times.
6. The bank is not able to generate the income when related with total assets. Because the percentage of Return on Assets has fallen down from 7.67 per cent to 6.81 per cent during the post-mergers period.
7. The Return on Equity has shown increasing trend. It increased from (-)3.78 per cent to 9.94 per cent.
8. Operating profit to total assets is very meager. It was 0.61 per cent during the last year.
9. The liquid assets to total assets ratio has displayed an increasing trend. Increased from 5.55 to 7.57 per cent.

10. The liquid assets to total deposits ratio has shown an increasing trend. Increased from 7.09 to 9.32 per cent.

Suggestions

1. As the Advances to total assets ratio is decreasing there is a need to increase the advances against total assets.
2. The bank should see that the net non-performing asset to Gross Advances has to be decreased further.
3. When compared with the income with total assets the ratio is falling down. Hence, it has to improve the income levels.
4. The bank also should concentrate on increasing operating profit to total assets ratio.

Limitations

- This study is restricted only to secondary data.
- The Pre-Merger and Post-Merger period is taken for four year i.e. 2013-14 to 2016-17 and2017-18 to 2020-21 as the merger takes place with effect from 1st April, 2017.

Conclusion

Banking sector is the Backbone of the economy. The financial performance of banking sector, whether good or bad affects the economy as a whole. Mergers and Acquisition considered as one of the most useful strategy for expansion. Finally, it can be concluded that there is no significant gains from this merger. The conceivable explanation might be union with more fragile and less productive partners that got more liabilities and NPAs correlation with stores and benefits. Extension of SBI appears to be on a quicker speed and end of ineffectual and unrewarding branches is a successful expense control approach which prompts economies of scale which at last means would have more benefits over cost.

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