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Performance Evaluation of SBI - A Comparative Study of Pre- and Post-Merger

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Abstract

A merger technically means combining two companies into one. The changing worldwide scenario and sustainability of banks impede the amalgamation of the banking industry as a corporate strategy. It enhances their financial and operative strengths, maximises their global reach, achieves synergy by combining business activities, improves performance, and reduces expenses. In this backdrop, this paper discusses the six-way horizontal merger between six SBI associate banks and SBI (including Bharatiya Mahila Bank). Their position before and after mergers, finding out the motives behind this merger, and studying the benefits offered by this merger. This research paper concentrated on various parameters such as deposits, loans and advances, amount of interest income, return on equity, return on assets, and NPA of two years pre-merger period 2015-16, 2016-17, and post-merger period 2017-18, 2018-19. Complete integration of investments and treasuries will bring cost savings and synergy in the era of megamergers.

Keywords: Mergers and Acquisitions (M&As), State Bank of India (SBI), Loans, Deposits.

1. Introduction

The State Bank of India (SBI) is a public-sector banking, financial services, and an Indian multinational company. SBI is a government-owned corporation with its headquarters in Mumbai, Maharashtra. The bank traces its ancestry to British India through the ‘Imperial Bank of India’. In India the banking system has undoubtedly earned numerous outstanding achievements in a comparatively short time for the world’s largest and most diverse democracy. There have been several reforms in the Indian banking sector, along with quite a few fruitful mergers and acquisitions (M&As), which have helped it grow manifold. In today's global market, banking organisations have greatly extended the scope and complexity of their activities and face an ever-changing and ever more complex regulatory environment. It has been realised worldwide that mergers and acquisitions are the only way to gain a competitive advantage internationally and domestically, and as such, the whole range of industries are looking for planned acquisitions within India and abroad.

On June 15, 2016, the Central Government Cabinet approved the merger of the SBI with its five affiliate banks, i.e. the State Bank of Travancore, the State Bank of Mysore, the State Bank of Bikaner and

Jaipur, the State Bank of Hyderabad, the State Bank of Patiala, and the Bharatiya Mahila Bank. Since SBI and its associate banks are in the same industry and provide products that are similar in nature, this horizontal merger will help SBI achieve larger market share and will result in the union of the SBI group.

2. Importance of the Study

The current study analyses and compares the performance of SBI with its five associate banks and Bharatiya Mahila Bank before and after the merger, effective April 1, 2017. The Government of India completed one of the mega mergers by merging five associate banks of SBI with the State Bank of India with certain objectives, including its performance in the form of lending capacity, improving market share, reducing NPAs, occupying a place in the list of the 100 prime banks in the world, etc. The study findings are able to test whether the SBI has been able to achieve these goals.

3. Objectives of the Study

The main objective of the current study is to measure and compare the performance of SBI (Including associate banks) prior to and after the merger on April 1, 2017 and to find out whether the performance of SBI in the post-merger period is better when compared to the pre-merger period.

4. Research Methodology

The relevant aspects pertaining to the methodology are presented below very briefly.

1. The present study is purely descriptive research as it analyses and presents the performance of SBI during the two periods—pre- and post-merger.
2. This study is based on secondary data. The data required for assessing and comparing the performance of SBI is collected from secondary sources, including reports published by the Reserve Bank of India, the State Bank of India, the Ministry of Finance, etc. Further, the necessary details and data are also collected from the books, research papers, reports of committees and commissions, etc.
3. The unit of study is the State Bank of India and its associate banks. For the purpose of measuring and comparing the performance of SBI prior to and after the merger, variables and parameters such as deposits, loans, and advances, amount of interest income, return on equity, return on assets, NPA, etc. are used.
4. The study period covers four years: two years prior to the merger, viz., 2015-16 and 2016-17, and two years after the merger, viz., 2017-18 and 2018-19.
5. For the purpose of analysing the performance of SBI, a few accounting ratios and descriptive statistics are used.

5. Literature Review

In the light of the government's decision to merge Dena Bank and Vijaya Bank with the Bank of Baroda, Inchara (November 2018) made an attempt to analyse whether this move creates one big but weak public sector bank. She noted that the intention of the government is to create a few but large public sector banks instead of having many public sector banks with a lot of weaknesses. Based on the profitability ratios (Return on Assets and Return on Equity) and capital adequacy (Tier – 1 and Tier – 2 Capital Ratios), she concludes that Vijaya Bank is a better performer among the three and Dena Bank is the worst performer. The study concludes that the Bank of Baroda should fill the holes in the tattered books of Dena, and the dedication of employees at all levels helps to get a third-largest bank; otherwise, the country will get a big, weak bank.

Fakarudin (2014) investigated the impact of mergers and acquisitions on revenue efficiency in Malaysian banks, as well as potential factors. It also investigates the impact of bank-specific and macroeconomic factors on revenue efficiency. The author chose Malaysian banks that amalgamated between 2002 and 2009 for this reason. The investigation discovered no improvement in revenue efficiency following the merger. However, it has been discovered that Malaysian banks' revenue efficiency is favourably connected with their size, market share, and managerial quality.

Tamragundi (2016) conducted research on mergers and acquisitions in the Indian banking sector, concentrating on mergers between public and private sector banks. She examined how mergers affected public and private sector banks as well as the performance of a few chosen commercial banks in India. The CMIE database's data and the relevant banks' annual reports served as the study's primary sources of information. The author employed statistical tools, including the mean, standard deviation, T-test, and others, to assess the data's dependability. The study concludes that while mergers are a useful strategy, they cannot address the overall growth and financial illness of a bank. Rather, mergers of public and private sector banks can help banks expand their operations, serve a larger customer base, and increase liquidity, profitability, and efficiency.

Tapas (2017) analysed performance data from 2005 to 2016 to assess SBI's performance. With respect to variables like EPS, Price-Earnings ratio, market price to book value of equity, etc., the author employed a t-test and the Kruskal-Walli test. It was discovered that SBI has performed better since the State Bank of Indore, State Bank of Patiala, and State Bank of Saurashtra merged.

Viral (2018) investigated the trend of Indian mergers and acquisitions. Three categories have been used by the author to group mergers and acquisitions in India: consolidation (1991–1995), foreign acquisition era (1995–2002), and foreign venture era (2002–12). According to the report, merger and acquisition activity is on the rise in India.

Sreemathi and Tharmaligan (2018) investigated SBI's performance after the merger. The research spans five years, from 2013–14 to 2017–18. It was discovered that, throughout the post-merger period, the cash deposit ratio was not constant. Moreover, throughout the post-merger era, net profit decreased. As a result, the authors contend that enhancing profit and profitability through an emphasis on the determinants is essential, as this raises the market price of equity.

6. Research Gap: On the lines of the above, a few more researchers have worked on different dimensions of the banking sector. However, the review shows that the researchers have not made attempts to measure and compare the performance of SBI before and after the merger of associate banks of SBI with SBI, which was implemented on April 1, 2017. Hence, this study is an effort to fill this research gap in whatever little way it can.

7. Performance Analysis of SBI – A Comparative Study

For the purpose of comparing the performance of SBI during the post-merger period with that of the pre-merger period, only a few important variables and parameters are used, as presented below.

- Amount of Deposits Mobilised
- Amount of Loans and Advances Disbursed
- Amount of Interest Income
- Amount of Net Non-Performing Assets
- Amount of Profit
- Return on Assets, and
- Return on Equity

Further comparisons are made between pre-merger periods (2015–16 and 2016–17) and post-merger periods (2017–18 and 2018–19). Another important aspect is that the GoI also merged Bharatiya Mahila Bank (BMB) with the SBI, with effect from April 1, 2017. Therefore, its BMB performance is also considered. With these details, performance is compared based on the above variables and parameters, one at a time.

Amount of Deposits Mobilised

One of the primary business activities of any banking company is to mobilise different types of deposits from the public—both individuals and institutions, including corporate houses. This is because another primary business activity of a banking company, viz., lending, depends upon the deposits mobilized. In this background, the relevant details about the amount of deposits at the end of each of the four study periods are presented below (Table 1).

Table – 1: Amount of Deposits (Rs. in crores)

Name of the Bank	Pre-merger Period (as at 31 March)			Post-merger Period (as at 31 March)		
	2016	2017	Total	2018	2019	Total
State Bank of Bikaner and Jaipur	94,005	1,04,008	1,98,013	27,06,344	29,11,386	56,17,330
State Bank of Hyderabad	1,37,174	1,41,898	2,79,072			
State Bank of India	17,30,722	20,44,751	37,75,473			
State Bank of Mysore	70,568	78,474	1,49,042			
State Bank of Patiala	1,06,953	1,00,794	2,07,747			
State Bank of Travancore	1,01,119	1,14,688	2,15,807			
Bharatiya Mahila Bank	928	976	1,904			
Total	**22,41,469**	**25,85,589**	**48,27,058**	**27,06,344**	**29,11,386**	**56,17,330**

Source: Compiled the table based on the details collected from, Reserve Bank of India, **Report on Trend and Progress of Banking India**, 2015-16 to 2018-19. Mumbai

As can be observed from the above table, deposits mobilised by all banks (except the State Bank of Patiala) have registered an increase by March 31, 2017 when compared to the immediately preceding balance sheet data (as of March 31, 2016). And the total amount of deposits increased to ₹ 25,85,589 crore by March 31, 2017 from ₹ 22,41,469 crore as of March 31, 2016, accounting for an increase of ₹ 3,44,120 crore, representing an increase of 15.35%.

On the other hand, during the post-merger period, the amount of deposits mobilised increased to ₹ 29,11,386 crore by March 31, 2019 from ₹ 27,06,344 crore as of March 31, 2018, representing an increase of ₹ 2,05,042 crore, which works out to an increase of 7.58%, which is much lower than the rate growth during the pre-merger period.

Amount of Loans and Advances Disbursed

One of the primary businesses of banking companies is to channel the amounts of deposits mobilised into different sectors or sections of the economy or society that need finance resources for various purposes in the form of loans and advances. It is these loans and advances that bring a major portion of income to the banking companies. In this backdrop, the relevant details about the amount of loans and advances provided by the banks are presented in Table 2.

Table – 2: Amount of Loans and Advances (as at 31 March) (Rs. in crores)

Name of the Bank	Pre-Merger Period			Post-Merger Period		
	2016	2017	Total	2018	2019	Total
State Bank of Bikaner and Jaipur	72,297	64,830	1,37,127	19,34,880	21,85,877	41,20,757
State Bank of Hyderabad	1,11,065	79,375	1,90,440			
State Bank of India	14,63,700	15,71,108	30,34,808			
State Bank of Mysore	53,954	34,475	88,429			
State Bank of Patiala	82,186	70,019	1,52,205			
State Bank of Travancore	65,466	48,617	1,14,083			
Bharatiya Mahila Bank	620	576	1,196			
Total	**18,49,288**	**18,69,000**	**37,18,288**	**19,34,880**	**21,85,877**	**41,20,757**

Source: Compiled the table based on the details collected from, Reserve Bank of India, **Report on Trend and Progress of Banking India**, 2015-16 to 2018-19. Mumbai.

It is apparent from the above that during the pre-merger period, all associated banks of the State Bank of India and also Bharatiya Mahila Bank had allowed their amounts of loans and advances to decline by March 31, 2017 when compared to the immediately preceding balance sheet date, viz., March 31, 2016. But the State Bank of India registered some increases. As a result, the aggregate increased from ₹ 18,49,288 crores as of March 31, 2016 to ₹ 18,69,000 crores by March 31, 2017, accounting for an increase of only ₹ 19,712 crore, which works out to an increase of 1.07%.

On the other hand, during the post-merger period, one can observe a higher increase. The amount of loans and advances increased from ₹ 19,34,880 crore as of March 31, 2018 to ₹ 21,85,877 crore by March 31, 2019, representing an increase of ₹ 2,50,997 crore, which works out to an increase of 12.97%, which is appreciable. However, the amount of loans and declines increased marginally by March 31, 2018 to ₹ 19,34,880 crore from ₹ 18,69,000 crore as of March 31, 2017, accounting for an increase of ₹ 65,880, or 3.52%.

Amount of Interest Income

As already stated, the primary business of banking companies is lending, and they provide different kinds of loans and advances. These loans and advances comprise both priority sector loans and non-priority sector loans, both secured and unsecured loans and advances, both corporate loans and domestic loans, etc. However, on these loans and advances, the banking companies earn interest income, which constitutes a major portion of their income. In this backdrop, the relevant details about the amount of interest income earned are presented below (Table 3).

It can be observed from the table that the amount of interest income declined in the case of the four associate banks of the State Bank of India and Bharatiya Mahila Bank during 2016–17 when compared to 2015–16. However, in the case of the remaining associate banks, viz., the State Bank of Hyderabad and the State Bank of India, it increased marginally. Therefore, the aggregate amount of interest income during 2016–17 increased to ₹ 2,25,126 crore from ₹ 2,14,116 crore in the immediately preceding year, 2015–16, working out an increase of ₹11,010 crore, accounting for an increase of 5.14%.

Table – 3: Amount of Interest Income (Rs. in crores)

Name of the Bank	Pre-Merger Period			Post-Merger Period		
	2015-16	2016-17	Total	2017-18	2018-19	Total
State Bank of Bikaner and Jaipur	9,592	9,154	18,746	2,42,877	2,20,499	4,63,365
State Bank of Hyderabad	13,177	14,187	27,364			
State Bank of India	1,63,998	1,75,519	3,39,517			
State Bank of Mysore	7,127	6,830	13,958			
State Bank of Patiala	10,457	9,743	20,200			
State Bank of Travancore	9,609	9,537	19,146			
Bharatiya Mahila Bank	156	155	311			
Total	**2,14,116**	**2,25,126**	**4,39,242**	**2,42,877**	**2,20,499**	**4,63,365**

Source: Compiled the table based on the details collected from, Reserve Bank of India, **Report on Trend and Progress of Banking India**, 2015-16 to 2018-19. Mumbai.

The amount of interest income continued to increase during 2017–18, and it increased to ₹ 2,42,877 crore, representing an increase of ₹ 17,751 crore, working out to an increase of 7.88% when compared to the interest income earned during 2016–17. However, in the last year of the study period, it declined to ₹ 2,20,499 crore, representing a reduction of ₹ 22,378 crore, working out to a reduction of 9.21%, which should be a matter of concern for the State Bank of India.

Amount of Net Non-Performing Assets

It may be noted here that the amount of net non-performing assets represents the excess of gross non-performing assets over the amount of provision made against the gross non-performing assets (and standard loans). Therefore,

Net non-performing assets = Gross Non-performing Assets – Amount of Provision made.

In light of the above, the details about the amount of net non-performing assets are presented below (Table 4).

Table – 4: Amount of Net Non-Performing Asset (Rs. in crores)

Name of the Bank	Pre-Merger Period			Post-Merger Period		
	2016	2017	Total	2018	2019	Total
State Bank of Bikaner and Jaipur	2,005.19	6,829.70	8,834.89	1,10,854	65,894	1,76,748
State Bank of Hyderabad	3,743.16	10,193.33	13,936.49			
State Bank of India	55,807.02	58,277.38	1,14,084.4			
State Bank of Mysore	2,257.18	5,824.34	8,081.56			
State Bank of Patiala	3,268.16	10,840.33	14,108.49			
State Bank of Travancore	1,813.16	4,966.64	6,780.31			
Bharatiya Mahila Bank	0.71	46.16	46.87			
Total	**68,894.48**	**96,977.88**	**1,65,873.01**	**1,10,854**	**65,894**	**1,76,748**

Source: Compiled the table based on the details collected from, Reserve Bank of India, **Report on Trend and Progress of Banking India**, 2015-16 to 2018-19. Mumbai.

From the above, it is unequivocal that the amount of net non-performing assets is positive for all years and for all banks. This implies that the amount of provision created against the non-performing assets (and standard assets) is inadequate. Further, during the pre-merger period, the amount of net non-performing assets increased for all banks. Overall, it increased from ₹ 68,894.48 crore as of March 31, 2016 to ₹ 96,977.88 crore by

March 31, 2017, representing an increase of ₹ 28,083.40 crore, which works out to an increase of 40.76%. Further, this amount increased to ₹ 1,10,854 crore by March 31, 2018, registering a further increase of ₹ 13,876.12 crore, accounting for an increase of 14.31%.

However, the amount of net non-performing assets declined to ₹ 65,894 crore by 31 March 2019 from ₹ 1,10,854 crore as at 31 March 2018 accounting for a reduction by ₹ 44,960 crore which works out to reduction by 40.56%. This pattern is similar to that of gross non-performing assets.

Amount of Profit

Ultimately, what is important is the amount of profit and the rate of profit (i.e., profitability). Because the amount of profit is computed by considering both interest and non-interest costs and income, including provisions and contingencies, Therefore, the details about the amount of profit earned and reported are presented below (Table 5).

Table – 5: Amount of Profit (Rs in crores)

Name of the Bank	Pre-Merger Period			Post-Merger Period		
	2015-16	2016-17	Total	2017-18	2018-19	Total
State Bank of Bikaner and Jaipur	732	778	1,510	-6,547	862	-5,685
State Bank of Hyderabad	1,019	1,317	2,336			
State Bank of India	10,891	13,101	23,992			
State Bank of Mysore	274	409	683			
State Bank of Patiala	448	362	810			
State Bank of Travancore	304	335	639			
Bharatiya Mahila Bank	12	20	32			
Total	**13,680**	**16,322**	**30,002**	**-6,547**	**862**	**-5,685**

Source: Compiled the table based on the details collected from, Reserve Bank of India, **Report on Trend and Progress of Banking India**, 2015-16 to 2018-19. Mumbai.

It is apparent from the above that there is a wide fluctuation in the amount of profit earned and reported by the banking companies. During 2016-17, all banks (except State Bank of Patiala) increased/improved their profit when compared to the amount of profit earned by each of them during the immediately preceding year, 2015-16. In aggregate, they increased their profit from Rs 13,680 crore in 2015-16 to Rs 16,322 crore representing an increase by Rs 2,642 crore which works out to an increase by 19.31%. However, in the next year, 2017-18, the amalgamated bank (i.e., State Bank of India) allowed its profit to decline to −6,547 crore represented a reduction by Rs 22,869 crore when compared to 2016- 17 and this reduction works out to140.11%.

Return on Assets Ratio

The amount of profit is an absolute measure which is of less use to evaluate the performance of banking companies. Therefore, this amount of profit is linked to one of its determinants viz., assets. In this backdrop, the details about the Return on Assets Ratio are presented below (Table – 6).

Table – 6: Return on Asset Ratio (%)

Name of the Bank	Pre-Merger Period			Post-Merger Period		
	2015-16	2016-17	Average	2017-18	2018-19	Average
State Bank of Bikaner and Jaipur	0.83	−1.22	−0.39	0.19	0.02	0.11
State Bank of Hyderabad	0.65	−1.55	−0.45			
State Bank of India	0.46	0.41	0.44			
State Bank of Mysore	0.44	−2.29	−0.93			
State Bank of Patiala	−0.82	−2.80	−1.81			
State Bank of Travancore	0.31	−1.76	−0.73			
Bharatiya Mahila Bank	0.12	0.21	0.17			
Total	**1.99**	**−9.00**	**−3.55**	**0.19**	**0.02**	**0.11**

Source: Compiled the table based on the details collected from, Reserve Bank of India, ***Report on Trend and Progress of Banking India***, 2015-16 to 2018-19. Mumbai.

It is obvious from the above that the Return on Assets Ratio for the first year of the study period is positive for all banks except State Bank of Patiala. But in the second year of study period, except two banks (viz., State Bank of India and Bharatiya Mahila Bank) all other banks reported negative Return on Assets Ratio. Overall, for the year 2016-17, the Return on Assets Ratio is −9% as against 1.99% for the immediately preceding year, 2015-16. Average for two years of pre-merger period works out to −3.55%.

However, in the post-merger period, the situation improved marginally as the State Bank of India earned 0.19% Return on Assets Ratio. But it failed to maintain the tempo in the next year, 2018-19 during which it declined to just 0.02%. As a result, the average for the two years of post-merger period works out to 0.11%.

Return on Equity Ratio

The amount of profit is also linked to another determinant of profit viz., equity. This ratio viz., Return on Equity Ratio establishes the relationship between the amount of profit and the amount of equity, and expresses this result in the form of percentage. The details about the Return on Equity Ratio are presented in the following table (Table – 7).

Table – 7: Return on Equity Ratio (%)

Name of the Bank	Pre-Merger Period			Post-Merger Period		
	2015-16	**2016-17**	**Average**	**2017-18**	**2018-19**	**Average**
State Bank of Bikaner and Jaipur	13.34	−20.09	−3.78	3.21	0.04	1.63
State Bank of Hyderabad	10.65	−28.62	−8.99			
State Bank of India	7.30	6.31	6.81			
State Bank of Mysore	7.03	−44.37	−18.67			
State Bank of Patiala	−12.85	−43.75	−28.30			
State Bank of Travancore	5.99	−41.25	−17.63			
Bharatiya Mahila Bank	0.23	0.42	0.33			
Total	**4.48**	**−24.65**	**−10.30**	**3.21**	**0.04**	**1.63**

Source: Compiled the table based on the details collected from, Reserve Bank of India, **Report on Trend and Progress of Banking India**, 2015-16 to 2018-19. Mumbai.

It can be seen from the above that the pattern of profitability and the changes are similar to those of Return on Assets Ratio. For 2015-16, only one bank, viz., the State Bank of Patiala, reported a negative Return on Equity of 12.85, and all other banks reported positive Returns on Equity. But in the next year, 2016–17, only two banks, viz., the State Bank of India and Bharatiya Mahila Bank, reported positive Returns on Equity whereas all other banks reported negative Returns on Equity. However, the average Rate of Return on Equity for the pre-merger period works out to -10.30%. During the post-merger period, profitability improved slightly as the State Bank of India earned and reported a 3.21% Return on Equity for 2017–18. Of course, this rate declined substantially to 0.04% for the last year of the study period, 2018–19. Therefore, the average for the post-merger period works out to 1.63%.

8. Major Findings

(1) The amount of different kinds of deposits mobilized by the bank(s) (i.e., in the case of the pre-merger period, there were totally seven banks, viz., the State Bank of India, its five associate banks, and Bharatiya Mahila Bank; in the case of the post-merger period, it was only the State Bank of India) registered a continuous increase during the study period. It increased from ₹ 22,41,469 crore up to March 31, 2016, to ₹ 25,85.589 crore by March 31, 2017, to ₹ 27,06,344 crore by March 31, 2018, and to ₹ 29,11,386 crore by March 31, 2019. This is appreciable. But the year-over-year (y-o-y) growth rate has not increased continuously. For instance, for the year ended March 31, 2017 (i.e., pre-merger period), the y-o-y growth rate is 15.35%, which declined to 4.67% by March 31, 2018, increasing to 7.58% by March 31, 2019 (post-merger years). However, the improvement in the last year of the study period (to 7.58% from 4.67% in the immediately preceding year) is satisfactory, and based on this, it may be concluded that the bank, in the post-merger period, is in the process of consolidation, stabilization, and

improvement.

(2) As far as the amount of loans and advances provided, the performance of the bank(s) is satisfactory during both pre- and post-merger periods. The amount of loan provided registered an incessant increase, increasing from ₹ 18,49,288 crore up to March 31, 2016, to ₹ 18,69,000 crore by March 31, 2017, to ₹ 19,34,880 crore by March 31, 2018, and to ₹ 21,85,877 crore by March 31, 2019. Besides, the year-over-year growth rate has also improved continuously. It increased by 1.07% by March 31, 2017, which registered a 3.52% increase by March 31, 2018 and by 12.97% by the end of the last year of the study period (i.e., by March 31, 2019). Therefore, the performance of the State Bank of India during the post-merger period is appreciable when compared to the aggregated performance of the Statement Bank of India, its associate banks, and Bharatiya Mahila Bank in the pre-merger period. This shows that the bank is moving in the direction of increasing lending capacity, which is one of the objectives for which the government implemented the merger plan.

(3) From the point of view of profit, the performance of the State Bank of India in the pre- and post-merger periods is not so impressive. In both years prior to the merger, the State Bank of India (and its Associate Banks and Bharatiya Mahila Bank) earned profit. The group earned a profit of ₹ 13,680 crore in 2015-16, which increased to ₹ 16,322 crore in the next year (2016-17), accounting for an increase of 19.31%. However, in the first year after the merger, the bank suffered a loss to the tune of ₹ 6,547 crore, which works out to a reduction of 140.11%. However, during 2018–19, it reported a profit of ₹ 862 crore.

(4) It may be noted here that a few adjustments pertaining to provisions and contingencies, transfers to different reserve accounts, etc., are made to the amount of profit to arrive at the return (i.e., net profit), which is used to determine the Return on Equity and Return on Assets Ratios. Therefore, even for the year in which profit is positive, these ratios may be negative. In terms of both the Return on Equity and Return on Assets Ratios, the performance of the bank(s) is not so impressive. This is because for the years 2016–17, these ratios were –24.65% and –9%, respectively, which were improved to 3.21% and 0.19% during 2017–18 (i.e., the first year after the merger). But these ratios declined to 0.04% and 0.02% in 2018–19.

9. Conclusion

It is obvious from the factual analysis made that the performance of the State Bank of India after the merger has improved from the point of view of the majority of the parameters employed for analyzing and comparing its performance in the pre-merger period with that in the post-merger period. However, in terms of a few other parameters, such as profit, return on equity, and return on assets, the performance of the State Bank of India in the post-merger period is not satisfactory. One of the reasons for this is the accumulated losses of some of its associate banks, which are now recognized in the balance sheet of the State Bank of India. But what is important is that the bank is moving in the right direction to reap the synergy benefits, which will help even other sectors and sections of the economy and society.

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