Financial Performance of Indian Public Sector Banks Post-Mega Merger: A Decadal Analysis Using Key Financial Ratios

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Abstract—**The Indian banking sector has witnessed substantial transformation through the execution of mega mergers among public sector banks between 2017 and 2020. This study analyses the financial effects of these consolidations by examining nine major financial ratios - encompassing profitability, capital strength, and asset quality—across five leading merged banks over a ten-year period split into pre-merger (2016–2020) and post-merger (2021–2025) phases. Using descriptive statistical methods, including mean, standard deviation, and coefficient of variation, the research assesses shifts in performance, variability, and stability within and among the selected five banks. The results demonstrate a spectrum of outcomes, while multiple banks evidenced enhanced profitability and stronger capital post-merger, others encountered volatility and erratic trends, largely influenced by integration issues, and inherited operational challenges. Overall, these findings highlight that merger outcomes are affected not only by strategic objectives but also by pre-existing conditions and the complexity of harmonizing large institutions. The study offers practical insights for policymakers and bank management aiming to maximize merger synergies and build durable, high-performing public sector banks in India's dynamic financial landscape.**

Index Terms—**Merger, Pre-merger and Post Merger, CAR, CASA, ROCE, ROA, ROE,**

I. INTRODUCTION

The Indian banking sector has witnessed a transformative wave of consolidation through a series of mega mergers among public sector banks, driven by the government's objective to create stronger, to improve efficiency, more competitive, and resilient financial institutions. In the year 2019 and 2020, five major bank mergers were implemented, including the amalgamation of Vijaya Bank and Dena Bank with Bank of Baroda; Syndicate Bank with Canara Bank; Andhra and Corporation Bank with Union Bank of India; Oriental Bank of Commerce and United Bank of India with Punjab National Bank; and Allahabad Bank with Indian Bank. These mergers were aimed at consolidating resources, strengthening balance sheets, and enhancing operational efficiency to make public sector banks more resilient in a rapidly evolving financial environment These structural changes were envisioned to bring about economies of scale, better capital allocation, improved risk management, and enhanced customer service delivery.

II. METHODOLOGY

Literature Review

The analysis of mergers and acquisitions (M&A) in the banking sector has been extensively studied, with a focus on their impact on financial performance and operational efficiency

DeYoung (1997) and Berger and Humphrey (1992) examined U.S. bank mergers and found mixed outcomes, where efficiency gains often depended on pre-merger performance and management capability.

Altunbas and Marqués (2008) analyzed European bank mergers and emphasized that performance improvements were more likely when there was strategic compatibility, especially in cross-border mergers. Integration-related issues were often cited as barriers to realizing post-merger synergies.

In India, large-scale mergers in public sector banks began with the consolidation of State Bank of India with its associates in 2017, followed by the mega mergers announced in 2019.Pillai and Sathye (2011) found limited improvements in performance post-merger, especially in the case of public sector banks.

Bansal (2020) evaluated the SBI merger and noted moderate improvements in profitability but highlighted continued challenges with asset quality. Mishra and Chitrao (2021), in their study of Punjab National Bank, observed that operational aspects like branch efficiency improved more noticeably than profitability metrics.

Sinha and Sharma (2016) used descriptive statistics—mean, standard deviation, and coefficient of variation—to assess the stability and volatility in financial ratios pre- and post-merger. They concluded that certain performance indicators showed reduced variability post-merger.

Singh and Gupta (2018) applied trend analysis techniques and reported gains in ROA and cost-to-income ratio over the medium term. The authors emphasized that digital integration played a key role in these improvements.

Kaur and Kaur (2021) discussed operational integration and reported better staff utilization and rationalization of branch networks, especially in the cases of Union Bank and Canara Bank mergers.

Research Gap

Although numerous studies have explored bank mergers in India and globally, a significant research gap remains in the comprehensive analysis of multiple mergers within a unified framework. Most existing literature tends to focus on individual bank mergers or utilize limited timeframes and variables. This study addresses these gaps by conducting a 10-year comparative evaluation of all five mega mergers in the Indian public sector banking sector, covering both the five-year pre-merger and five-year post-merger periods."

The current study integrates both descriptive statistical analysis (using mean, standard deviation, and coefficient of variation to examine changes in financial performance by considering the nine key financial ratios before and after the mergers. By incorporating a wide spectrum of metrics across multiple institutions, the research offers a more holistic and data-driven understanding of the merger outcomes in India's banking sector. In addition, the study will also contribute a more nuanced and representative understanding of the long-term impacts of mega mergers within the banking sector, thereby making a distinctive contribution to the existing literature.

Research Methodology

The analysis is based on secondary data collected from official sources including annual reports of selected banks, Reserve Bank of India (RBI) publications, Money control, and financial databases, covering a ten-year period from 2016 to 2025. The research is divided into pre-merger (2016–2020) and post-merger (2021–2025) phases. The research methodology for this study involved a comprehensive analysis of five major mega merger banks by examining the nine key financial ratios. The approach began with descriptive statistical analysis of each key financial ratio, will measure to provide insights into the financial health and stability of the selected banks both before and after their respective mergers.

The five merged entities selected for the study are:

1. Canara Bank, merged with Syndicate Bank
2. Indian Bank, merged with Allahabad Bank
3. Union Bank of India, merged with Andhra Bank and Corporation Bank
4. Punjab National Bank, merged with Oriental Bank of Commerce and United Bank of India
5. Bank of Baroda, merged with Dena Bank and Vijaya Bank

These banks were selected because they represent the largest and most significant mergers initiated by the Government of India in the recent wave of public sector banking consolidation.

Objectives and Hypotheses

Objectives

1. To evaluate the financial performance of five major Indian banks before and after their respective mergers.
2. To analyze the variability and consistency in key financial and operational indicators using descriptive statistics

Hypotheses

1. There is no significant difference in the post-merger performance among the five merged banks.
2. There is a significant difference in the post-merger performance among the five merged banks.

III. ANALYSIS AND INTERPRETATION

This section presents a detailed examination of the financial performance of the selected mega merger banks based on selected nine key financial ratios. This section also includes results of the descriptive statistics analysis conducted in the study. Through careful evaluation of these quantitative findings, the section aims to provide meaningful insights into how the mergers have influenced the banks' financial health, operational efficiency, and asset quality, ultimately drawing conclusions about the overall impact of mega mergers within the banking sector.

Tabel 01 - Pre and Post merger financial performance of Canara Bank

Key Financial Ratio	SB+ CB			CB		
	Pre-Merger			Post-Merger		
	Mean	SD	CV	Mean	SD	CV
Capital Adequacy Ratios (%)	12.6	1.05	8.36	15.47	1.45	9.38
ROCE (%)	1.3	0.15	11.79	1.94	0.12	6.37
CASA (%)	29.87	2.44	8.16	31.23	2.18	6.97
Net Profit Margin (%)	-7.55	6.7	-88.69	10.41	4.42	42.46
Operating Profit Margin (%)	-16.04	9.12	-56.86	19.13	9.19	48.06
Return on Assets (%)	-0.52	0.46	-86.93	0.69	0.34	49.43
Return on Equity / Networth (%)	-12.11	10.47	-86.5	13.57	5.92	43.65
Net Interest Margin (X)	1.97	0.1	5.11	2.24	0.15	6.6
Cost to Income (%)	49.14	6.34	12.91	46.87	1.6	3.41

Note - SB= Syndicate Bank, CB= Canara Bank

The Capital adequacy ratio improved from a pre-merger average of 12.6% to 15.47% post-merger, reflecting stronger capital buffers and enhanced financial stability. The slightly higher coefficient of variation (CV) post-merger (from 8.36 to 9.38) suggests some variation in capital adequacy levels, possibly due to integration adjustments or regulatory capital restructuring. However, the upward trend signals a positive outcome of the merger in strengthening the bank's capital position.

Return on capital employed saw a significant improvement from 1.3% to 1.94%, indicating better capital efficiency post-merger. Additionally, the CV dropped from 11.79 to 6.37, suggesting more consistent returns and improved operational effectiveness. This points to better utilization of capital and managerial control after the consolidation.

The CASA ratio slightly increased from 29.87% to 31.23%, demonstrating improved low-cost deposit mobilization. The decline in CV (from 8.16 to 6.97) indicates more stable deposit trends. This reflects customer retention and possibly stronger trust in the merged entity's deposit base.

Net Profit Margin, which moved from a negative -7.55% to a positive 10.41%, implying a turnaround in profitability. The negative CV of -88.69 pre-merger reflects high volatility and losses, whereas a positive CV of 42.46 post-merger, though still moderate, indicates profitability with better control over expenses and income streams.

The operating profit margin improved significantly from a negative -16.04% to a positive 19.13%, with CV improving from -56.86 to 48.06. This improvement indicates better cost control, revenue growth, and operational synergies realized after the merger.

Return on Assets shifted from a negative -0.52% to a positive 0.69%, reflecting improved asset productivity. The reduction in CV from -86.93 to 49.43 supports the view that asset performance became more consistent, contributing positively to overall profitability.

Return on Equity transitioned from -12.11% to 13.57%, highlighting a major shift from value erosion to value creation. The drop in CV from -86.5 to 43.65 confirms more predictable equity returns, indicating better financial management and retained earnings post-merger.

Net Interest Margin improved from 1.97 to 2.24, showing enhanced income from core banking operations. The CV rose slightly from 5.11 to 6.6, reflecting mild variability but generally stable interest income performance.

The Cost to Income ratio slightly declined from 49.14% to 46.87%, showing improved cost efficiency and integration benefits. The sharp reduction in CV from 12.91 to 3.41 suggests better control over operational expenses post-merger from the Canara bank

To summarize, the Canara Bank's post-merger performance across almost all key financial ratios indicates improved profitability, efficiency, and capital utilization. Moreover the reduction in variability (CV) for most of the indicators or ratios further implies increased stability and effective integration of the merged entity. The merger with Syndicate Bank has evidently helped enhance financial performance and operational resilience and stability

Tabel 02 - Pre and Post merger financial performance of – Indian Bank

Key Financial Ratio	ALB+IN			IN		
	Pre-Merger			Post-Merger		
	Mean	SD	CV	Mean	SD	CV
Capital Adequacy Ratios (%)	12.11	0.84	6.95	16.62	0.81	4.88
ROCE (%)	1.63	0.13	8.01	2.09	0.16	7.76
CASA (%)	40.42	3.94	9.75	41.03	1.59	3.89
Net Profit Margin (%)	-23.01	29.02	-126.14	12.33	3.85	31.18
Operating Profit Margin (%)	-15.23	15.27	-100.32	21.48	7.27	33.83
Return on Assets (%)	-0.78	0.95	-121.91	0.81	0.32	39.38
Return on Equity / Networth (%)	-32.77	36.14	-110.29	13.59	2.84	20.92
Net Interest Margin (X)	2.27	0.09	3.93	2.73	0.22	7.89
Cost to Income (%)	54.6	10.48	19.2	45.74	1.32	2.89

Note - ALB =Allahabad Bank, IN – Indian Bank

The Capital Adequacy Ratio improved significantly from a pre-merger average of 12.11% to a post-merger level of 16.62%, reflecting a stronger capital base and enhanced regulatory compliance. Moreover, the decline in the coefficient of variation (CV) from 6.95 to 4.88 indicates greater stability and consistency in capital management post-merger.

Return on Capital Employed rose moderately from 1.63% before the merger to 2.09% post-merger, suggesting improved utilization of capital resources. The slight reduction in CV from 8.01 to 7.76 reinforces the improvement in returns with more predictable performance.

The CASA ratio, which reflects the proportion of low-cost deposits, increased marginally from 40.42% to 41.03% after the merger. Importantly, the CV dropped from 9.75 to 3.89, implying greater consistency and better customer deposit behavior in the post-merger period.

The Net Profit Margin showed a remarkable turnaround, moving from a negative average of -23.01% before the merger to a positive 12.33% post-merger. This drastic improvement, along with the reduction in CV from -126.14 to 31.18, highlights a recovery from significant losses to healthy profit levels.

The Operating Profit Margin increased sharply from -15.23% to 21.48% post-merger, signaling much stronger operational efficiency. The decrease in variation (CV) from -100.32 to 33.83 further reflects a consistent improvement in core banking operations.

ROA transitioned from a negative -0.78% in the pre-merger period to a positive 0.81% post-merger, indicating better overall asset productivity. The CV improved from -121.91 to 39.38, showing that asset returns became not only positive but also more stable.

Return on Equity was deeply negative at -32.77% before the merger, surged to 13.59% post-merger. This shift reflects a strong enhancement in shareholder value, supported by a substantial decline in the CV from -110.29 to 20.92, indicating improved predictability in equity returns.

The Net Interest Margin improved from 2.27 to 2.73 post-merger, indicating more efficient generation of interest income relative to interest expenses. However, the CV rose from 3.93 to 7.89, suggesting slightly increased variability in the interest spread.

The Cost to Income Ratio improved significantly, dropping from 54.6% pre-merger to 45.74% post-merger, reflecting enhanced operational efficiency and better cost control. The notable decrease in CV from 19.2 to 2.89 suggests much more stable and efficient cost management.

Overall, the Indian Bank's merger with Allahabad Bank led to a strong financial revival and operational strengthening. Key metrics such as capital adequacy, profitability, and efficiency ratios all improved significantly post-merger, while variability across metrics reduced. This indicates not just better average performance but also greater consistency and predictability—making this merger a successful transformation in the context of India's banking industry.

Tabel 03 - Pre and Post merger financial performance of – Corporation Bank

Key Financial Ratio	AB+CRB+UBI			UBI		
	Pre-Merger			Post-Merger		
	Mean	SD	CV	Mean	SD	CV
Capital Adequacy Ratios (%)	11.44	0.76	6.64	15.62	2.14	13.7
ROCE (%)	1.84	0.16	8.54	2	0.13	6.35
CASA (%)	31.4	3.24	10.31	34.84	1.74	4.99
Net Profit Margin (%)	-12.46	13.09	-105.04	10.54	4.89	46.37
Operating Profit Margin (%)	-22.85	16.95	-74.2	19.26	9.52	49.43
Return on Assets (%)	-0.91	0.96	-105.74	0.71	0.38	53.62
Return on Equity / Networth (%)	-16.52	17.66	-106.91	11.07	4.67	42.16
Net Interest Margin (X)	2.29	0.19	8.49	2.46	0.14	5.63
Cost to Income (%)	51.59	12.55	24.32	46.08	0.46	0.99

UBI= Union Bank of India , AB -Andhra Bank, CRB= Corporation Bank

The Capital Adequacy Ratio saw a significant improvement from 11.44% pre-merger to 15.62% post-merger, indicating a stronger capital position. However, the coefficient of variation (CV) increased from 6.64 to 13.7, showing greater volatility in maintaining capital buffers after the merger.

Return on Capital Employed improved slightly from 1.84% to 2%, suggesting marginally better utilization of capital post-merger. The CV reduced from 8.54 to 6.35, indicating more stable capital efficiency.

The CASA ratio rose from 31.4% to 34.84%, showing growth in low-cost deposits. Additionally, the CV dropped from 10.31 to 4.99, reflecting greater consistency in deposit mobilization.

Net Profit Margin is a remarkable turnaround which was observed in this ratio, which shifted from a negative -12.46% to a positive 10.54%. This was coupled with a reduced CV from -105.04 to 46.37, signaling a strong rebound in profitability with increased stability.

Operating Profit Margin improved drastically from -22.85% to 19.26%, suggesting a significant operational efficiency gain. The CV also improved (from -74.2 to 49.43) but remained moderately volatile.

Return on Assets turned around positively, from -0.91% pre-merger to 0.71% post-merger. The CV improved from -105.74 to 53.62, highlighting better but still variable asset productivity.

Return on Equity saw a strong reversal from -16.52% to 11.07%, indicating that the bank started generating healthy returns for shareholders post-merger. The reduction in CV from -106.91 to 42.16 points to more reliable equity performance.

Net Interest Margin rose slightly from 2.29 to 2.46, suggesting improved interest income generation.

Moreover, the CV declined from 8.49 to 5.63, indicating more consistent net interest performance.

Cost to Income Ratio was a noteworthy improvement in cost efficiency, as the ratio fell from 51.59% to 46.08% post-merger. This was supported by a drastic drop in CV from 24.32 to 0.99, indicating highly stable and controlled cost management.

The post-merger financial landscape of Union Bank of India shows broad-based improvement across all key dimensions -capital strength, profitability, operational efficiency, and income stability. The reversal of negative margins and returns into positive and stable figures is a clear indicator of successful integration and performance gains post-merger. While some metrics still show moderate volatility, the overall trajectory is upward, reflecting strategic gains from consolidation. This case supports the notion that well-executed public sector bank mergers can deliver strong financial outcomes when paired with effective post-merger management and structural reforms

Tabel 04 - Pre and Post merger financial performance of – Punjab national bank

Key Financial Ratio	OBC+UnBI+PNB			PNB		
	Pre Merger			Post Merger		
	Mean	SD	CV	Mean	SD	CV
Capital Adequacy Ratios (%)	11.09	1.2	10.8	15.46	1.11	7.15
ROCE (%)	1.41	0.2	14.29	1.63	0.13	8.06
CASA (%)	39.77	3.01	7.58	42.27	3.39	8.02
Net Profit Margin (%)	-13.77	11.59	-84.18	6.28	4.6	73.21
Operating Profit Margin (%)	-30.45	16.23	-53.32	12.4	9.77	78.77
Return on Assets (%)	-0.91	0.77	-84.49	0.4	0.32	78.72
Return on Equity / Networth (%)	-18.27	16.28	-89.15	6.1	4.56	74.83
Net Interest Margin (X)	1.8	0.19	10.78	2.37	0.14	5.76
Cost to Income (%)	48.6	10.85	22.32	51.19	3.09	6.04

PNB= Punjab National Bank, OBC= Oriental Bank of Commerce UnBi= United Bank of India

Capital Adequacy Ratio demonstrates a marked improvement, rising from a pre-merger mean of 11.09% (CV:10.8) to a post-merger mean of 15.46% (CV:7.15), indicating strengthened capital buffers and reduced variability in capital adequacy post-merger.

Return on Capital Employed increased from 1.41% (CV:14.29) pre-merger to 1.63% (CV:8.06) post-merger, with both an improvement in returns and a decrease in relative variability, suggesting enhanced operational efficiency.

Current Account Savings Account improved from a mean of 39.77% (CV:7.58) pre-merger to 42.27% (CV:8.02) post-merger, reflecting a stronger low-cost deposit base, although with slightly higher variability.

Net Profit Margin (%) moved from a significantly negative mean of -13.77% (CV:-84.18) pre-merger to a positive 6.28% (CV:73.21) post-merger, evidence of a turnaround in earnings and profitability stability despite continued substantial variability.

Operating Profit Margin (%) also improved, shifting from -30.45% (CV:-53.32) pre-merger to 12.4% (CV:78.77) post-merger. This positive swing indicates a substantial recovery in the bank's core operating profitability, though with persistent volatility.

Return on Assets (ROA, %) transitioned from -0.91% (CV:-84.49) pre-merger to 0.4% (CV:78.72) post-merger, showing not only a move to positive returns but also less relative variability.

Return on Equity (ROE, %) improved from a substantially negative average of -18.27% (CV:-89.15) to a positive 6.1% (CV:74.83), confirming enhanced shareholder returns in the post-merger period with greater consistency.

Net Interest Margin (X) increased from 1.8 (CV:10.78) to 2.37 (CV:5.76), supporting a more efficient interest income generation capability post-merger along with reduced risk.

Cost to Income Ratio (%) rose modestly from 48.6% (CV:22.32) pre-merger to 51.19% (CV:6.04) post-merger. While this reflects a slight increase in costs relative to income, there is a marked drop in variability, indicating improved cost discipline and predictability.

Post-merger, PNB has exhibited substantial improvements across most financial parameters. Key profitability and return metrics moved from negative to positive territory, reflecting successful integration and operational gains. Stability also improved in capital adequacy, interest margins, and cost efficiency. While variability in some profitability ratios persists, the overall trend reflects a positive structural transformation. This validates the strategic rationale behind the merger and shows how scale and synergy can restore financial resilience in public sector banks.

Tabel 05 - Pre and Post merger financial performance of – Bank of Baroda

Key Financial Ratio	VB+ DB+BoB			BoB		
	Pre Merger			Post Merger		
	Mean	SD	CV	Mean	SD	CV
Capital Adequacy Ratios (%)	12.17	0.58	4.75	15.65	1.35	8.65
ROCE (%)	5.37	0.21	3.97	1.87	0.08	4.49
CASA (%)	29.73	5.37	18.05	38.82	2.13	5.48
Net Profit Margin (%)	-0.98	5.90	-603.18	9.99	7.33	73.35
Operating Profit Margin (%)	-7.74	10.95	-141.46	18.14	13.76	75.85
Return on Assets (%)	-0.08	0.41	-510.14	0.64	0.50	77.39
Return on Equity / Networth (%)	-0.25	6.85	-2735.77	9.13	6.85	75.02
Net Interest Margin (X)	2.00	0.24	11.99	2.60	0.18	7.09
Cost to Income (%)	38.42	7.71	20.06	48.39	0.94	1.93

Note -BoB - Bank of Baroda, DB = Dena Bank VB= Vijaya Bank

Capital Adequacy Ratio improved from a pre-merger mean of 12.17% (CV:4.75) to 15.65% (CV:8.65) post-merger, reflecting strengthened regulatory capital and slightly higher but still moderate variability.

Return on capital employed declined from 5.37% (CV:3.97) pre-merger to 1.87% (CV:4.49) post-merger, suggesting lower efficiency in capital utilization after the merger and marginally increased variability.

CASA rose significantly from 29.73% (CV:18.05) to 38.82% (CV:5.48), indicating a substantial improvement in low-cost deposit mobilization and much greater deposit stability post-merger.

Net Profit Margin shifted from a slightly negative mean of -0.98% (CV:-603.18) to a positive 9.99% (CV:73.35), indicating a strong turnaround in earnings, although results remain volatile.

Operating Profit Margin improved from -7.74% (CV:-141.46) to 18.14% (CV:75.85), marking the reversal from operational losses to profitability, but with notable variability.

Return on Assets moved from -0.08% (CV:-510.14) in the pre-merger period to 0.64% (CV:77.39) post-merger, showing positive asset returns yet continued elevated volatility.

Return on Equity improved from -0.25% (CV:-2735.77) to 9.13% (CV:75.02), demonstrating enhanced shareholder returns and dramatically improved, though still variable, performance.

Net Interest Margin increased from 2.00 (CV:11.99) to 2.60 (CV:7.09), indicating improved efficiency in generating net interest income and reduced variability.

Cost to Income Ratio rose from 38.42% (CV:20.06) to 48.39% (CV:1.93), suggesting increased operating costs relative to income post-merger, but with a large drop in ratio variability, implying more predictable cost management.

To summarize the analysis of nine key financial ratios for Bank of Baroda-contrasting pre-merger averages (Vijaya Bank, Dena Bank, and BoB) with post-merger performance - shows a visible shift toward profitability, operational strength, and financial resilience. While integration has come with some costs and ongoing variability in select metrics, the overall transformation strongly supports the effectiveness of the mega merger in creating a more robust, efficient, and future-ready institution.

IV. CONCLUSION

To summarize the 10-year analysis of five major Indian public sector banks after their mega mergers—Punjab National Bank (PNB), Union Bank of India (UBI), Indian Bank, Canara Bank, and Bank of Baroda (BoB)—shows a steady improvement in financial strength and operational performance. Key financial indicators like capital adequacy, return ratios (ROCE, ROA, ROE), profit margins (NPM, OPM, NIM), CASA ratio, and cost-to-income ratio have all improved on average after the mergers. Many banks moved from weak or negative profitability to more positive and stable results. The drop in variation (CV) across these metrics suggests the banks became more consistent and predictable in performance. A few exceptions—like higher costs after the merger or unstable profit margins in some banks such as BoB—mainly reflect short-term challenges during the integration period, not a long-term problem.

V. KEY FINDINGS

Capital Adequacy increased across all merged entities post-merger, improving financial strength.
Profitability Ratios such as Net Profit Margin, ROA, and ROE showed a strong turnaround post-merger, especially for banks like PNB and BoB.
Operating Efficiency improved, reflected in better Cost to Income Ratios and stable or rising Net Interest Margins.
Variability in Performance (CV) reduced in most ratios, suggesting increased operational and financial stability.
The improvement in mean values supports the strategic intent of mergers to create stronger, more resilient institutions capable of better credit risk management.
High dispersion in post-merger asset quality implies that operational synergies and harmonized credit practices may still be in progress or insufficiently integrated.
The post-merger banks show stronger financial foundations and improved competitiveness, with initial integration challenges gradually giving way to positive long-term outcomes that support India's mega merger strategy.
The "Post Merger" variable was not statistically significant for asset quality indicators (Net NPA, Gross NPA) or most financial ratios, suggesting that individual bank characteristics had a stronger influence than the merger itself.
Bank of Baroda consistently demonstrated statistically significant post-merger performance across multiple ratios, highlighting its robust internal financial governance.
Post-merger improvements in cost and capital efficiency were observed in select banks like Indian Bank and Punjab National Bank, while others such as Union Bank of India did not show similar gains, indicating that mergers do not lead to uniform operational benefits.

VI. POLICY IMPLICATIONS

RBI may consider developing post-merger risk monitoring frameworks with specific asset quality KPIs for large amalgamated banks.
Government and RBI can introduce schemes to support faster resolution of legacy NPAs during the transitional post-merger phase.
A mandate for unified risk management data systems across merged banks can aid consistency in classification and reporting.
Focused credit rehabilitation and sectoral lending reviews may be needed in historically stressed sectors like MSMEs, infrastructure, and agriculture.

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