

A Study in Indian Economy with Special Reference to Merger and Acquisition of Companies

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Abstract: *Mergers and Acquisitions (M & A) are defined as consolidation of companies. Difference between the two terms, Mergers is the combination of two companies to form one, wherein Acquisitions is one company taken over by the other. M & A is one of the important aspects of the corporate finance world. This study aims to analyse the impact of mergers and acquisitions on the Indian economy, with a special focus on understanding the reasons behind such activities, their consequences for companies and stakeholders, and the broader implications for economic growth and development. The phenomenon of mergers and acquisitions (M&A) involves the consolidation of companies through various strategic transactions, such as mergers, acquisitions, takeovers, and alliances. By conducting a comprehensive review of relevant literature, analysing case studies, and gathering empirical data, this study aims to contribute to the understanding of M&A activities in the Indian economy. The research method followed is descriptive research. The data is collected through a questionnaire and a sample size is 200 responses. Simple Random sampling method is adopted in the study to collect the data. The samples were collected from the general public in and around Poonamallee bus stand. The independent variables are gender, age, education qualifications, occupation and marital status. The dependent variables are acquisition of firms, merger occurs two separate entities. The researcher used the bar charts and Chi-Square test to analyse the data collected. The findings of this study will be valuable for policymakers in formulating effective regulations. In conclusion, this study recognizes the significance of mergers and acquisitions of companies in the Indian economy. By exploring the motivations, impacts, and regulatory aspects of M&A transactions, it aims to provide insights into this dynamic field. The findings of this study can contribute to the development of strategies and policies that promote sustainable growth, fair competition, and value creation in the Indian economy. The aim of study is to analyse the trends of mergers and acquisitions of companies in India and to suggest methods resolving the conflicts prevailing in merger and acquisition of the companies*

Keywords: Merger, Acquisitions, Motivation, Company and Economy

I. INTRODUCTION

The Indian economy has witnessed significant growth and transformation over the past few decades, fueled by various factors such as globalisation, liberalisation, and technological advancements. One important aspect of this transformation is the increasing trend of mergers and acquisitions (M&A) among companies operating in various sectors. Mergers and acquisitions involve the consolidation of two or more companies, either through a merger where two companies combine to form a new entity or through an acquisition where one company purchases another. M&A activities have gained prominence in the Indian economy due to several reasons. The current trends of M&A in India has been decreasing from 2000 to 2008. Though by 2010, such deals hit a new peak. Since then, Indian companies have considered M&As to be key in corporate restructuring. Since 2010, there has been a considerable increase in M&A



deals in India. Firstly, they provide companies with opportunities for expansion, diversification, and market entry. By acquiring or merging with another company, organisations can gain access to new markets, technologies, and resources, which can enhance their competitiveness and market position. Secondly, M&A activities can lead to economies of scale and cost efficiencies. Through consolidation, companies can streamline their operations, eliminate redundancies, and optimise their resources, resulting in improved productivity and profitability. Lastly, M&A activities can also contribute to the overall growth and development of the Indian economy by promoting entrepreneurship, attracting foreign direct investment (FDI), and encouraging innovation. This study aims to analyse the impact of mergers and acquisitions on the Indian economy, with a special focus on understanding the reasons behind such activities, their consequences for companies and stakeholders, and the broader implications for economic growth and development. It will examine case studies of notable mergers and acquisitions in various sectors such as banking, telecommunications, pharmaceuticals, and manufacturing, to gain insights into the motivations, challenges, and outcomes of these transactions. Additionally, this study will also explore the regulatory framework and policies governing M&A activities in India, as well as the role of government bodies such as the Competition Commission of India (CCI) in ensuring fair competition and protecting the interests of consumers and stakeholders. It will assess the effectiveness of existing regulations and identify any gaps or areas for improvement to facilitate a conducive environment for M&A activities in the country. By undertaking this study, we aim to contribute to the existing body of knowledge on the Indian economy and provide valuable insights for policymakers, investors, businesses, and other stakeholders. Understanding the dynamics of mergers and acquisitions and their impact on the Indian economy is crucial for fostering sustainable economic growth, encouraging investments, and creating a favourable business environment in the country. The aim of the research paper is to find the possible way to develop the Indian Economy.

OBJECTIVES

- To analyse the impact of mergers and acquisitions.
- To examine the motivations behind mergers and acquisitions of companies in India.
- To analyse the factors influencing M&A transactions in the Indian economy.

II. REVIEW OF LITERATURE

The author explains that a consolidation depicts two firms, of roughly a similar size, that unite to push ahead as a solitary new element, instead of remaining independently claimed and worked. This activity is known as a consolidation of equivalents. A valid example: Both Daimler-Benz and Chrysler quit existing when the two firms combined, and another organisation, DaimlerChrysler, was made. The two organisations' stocks were given up, and new organisation stock was given in its place. In a brand revive, the organisation went through another name and ticker change as the Mercedes-Benz Group AG (MBG) in February 2022. A buy arrangement will likewise be known as a consolidation when the two CEOs concur that alliance is to the greatest advantage of both of their organisations. (Chatterjee et al. 2023) The author explains that the pandemic has tested the practicality of firms in an advancing serious scene where the "fundamental nature" of the firm, the conveyance strategy for items or administrations, or the company's spot in the worth chain have been rethought. The infection has hence uncovered the frail nesses of corporate designs and introduced a chance for organisations to change and enhance, and to realign their essential ways to address the ongoing confound between the association's incentive and the developing necessities of its business climate (Lan et al. 2019) The authors explained about the reaction to the wellbeing emergency, there is a gathering of organisations that have looked towards M&A for the "redesigning and refreshing of assets and capacities on time to deflect ecological shift, delivering the ongoing methodology outdated". For instance, during the pandemic, Well Technologies (an organisation exchanged on the Toronto Stock Exchange) finished around 10 acquisitions in 2020 to satisfy their corporate technique of growing their piece of the pie and item portfolio. Acquisitions, for example, that of Circle Medical Health in November of 2020 were pointed toward developing its activities in the United States, while the obtaining of DoctorCare was planned to build their item presenting by growing direct charging



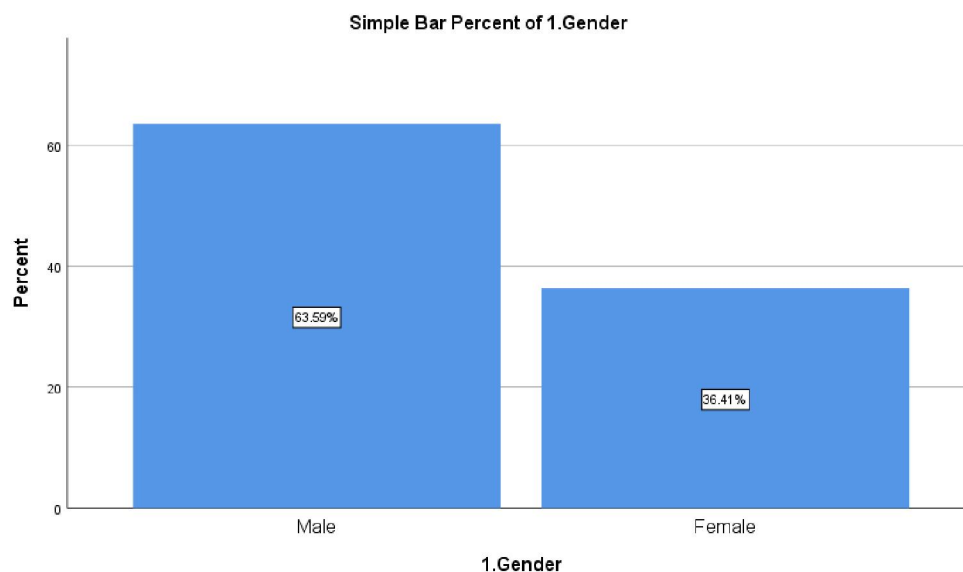
administrations for specialists.(United Nations Conference on Trade and Development(**Cooper et al. 2023**)The author describes many would concur that the company made organisations from all ventures go through a computerised change that would have in any case required around 10 years. Short-term, organisations were squeezed to embrace new plans of action to adjust to the new friendly separating measures. Deft organisations like Accenture, with solid money positions, held onto the low-loan fee and less expensive valuations to gain organisations that would permit them to secure exclusive advancements or obtain ability (which was troublesome during the pandemic) to remain in front of the forthcoming requests of their clients and workers. (**Scully 2010**)Moreover, Accenture, as one of the most rapacious organisations, procured various online protection organisations or organisations that represent considerable authority in imaginative advancements like blockchain and man-made reasoning to secure the abilities and information that their clients would expect before very long . Besides, in December 2020, Salesforce declared the acquisition of Slack Technologies. The objective of this securing was to build up Salesforce's biological system of programming applications by joining the advances of one of the most progressive venture grade correspondence programming to its endeavour offering, considering stretching out beyond their clients' requirements in an all-virtual workplace.(**Heinrich et al. 2023**)The author explained Monetary buyers are those with a more imperative focus on flashing returns, however fundamental buyers are individuals who are excited about acquisitions to create helpful energies and long stretch turn of events .Anything that the course taken by firms, they ought to expect changes in rules with a change of US association and a rising number of protectionist governing bodies across the globe that are exploring supporting their occupant and SMEs in this monetary rut.

III. MATERIALS AND METHODOLOGY

The research method followed is descriptive research. The data is collected through a questionnaire and a sample size is 200 responses . Simple Random sampling method is adopted in the study to collect the data .The samples were collected from the general public in and around Poonamallee bus stand.The independent variables are gender, age, education qualifications, occupation and marital status.The dependent variables are acquisition of firms,merger occurs two separate entities.The researcher used the graph to analyse the data collected.

IV. ANALYSIS

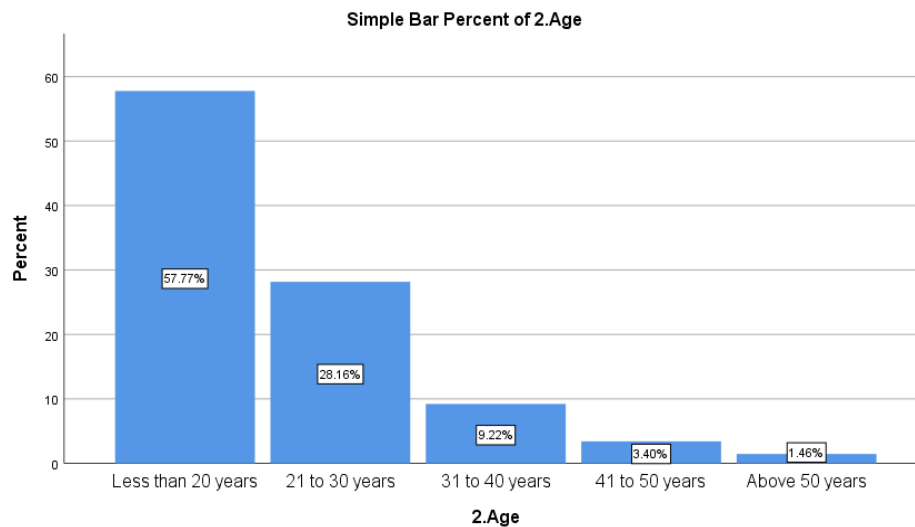
Figure 1



Legend

From the figure, it shows the gender of the respondents .

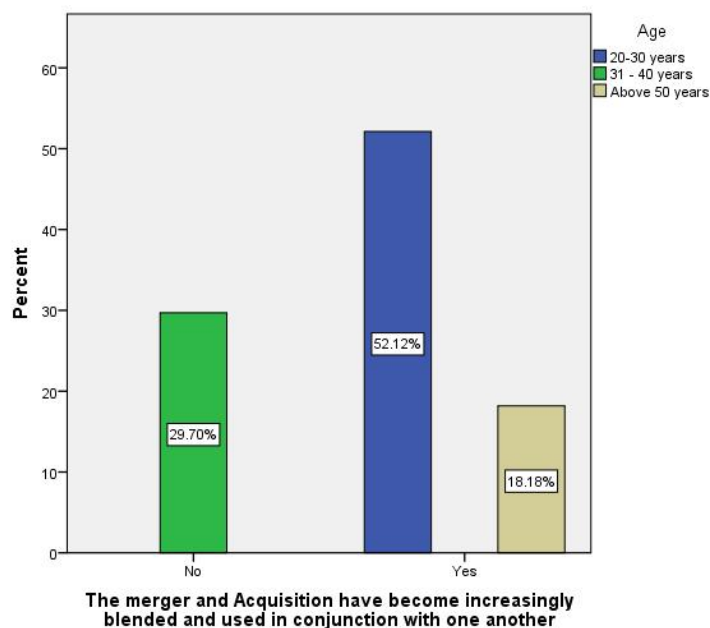
Figure 2



Legend

From the figure, it shows the Age of the respondents .

Figure 3

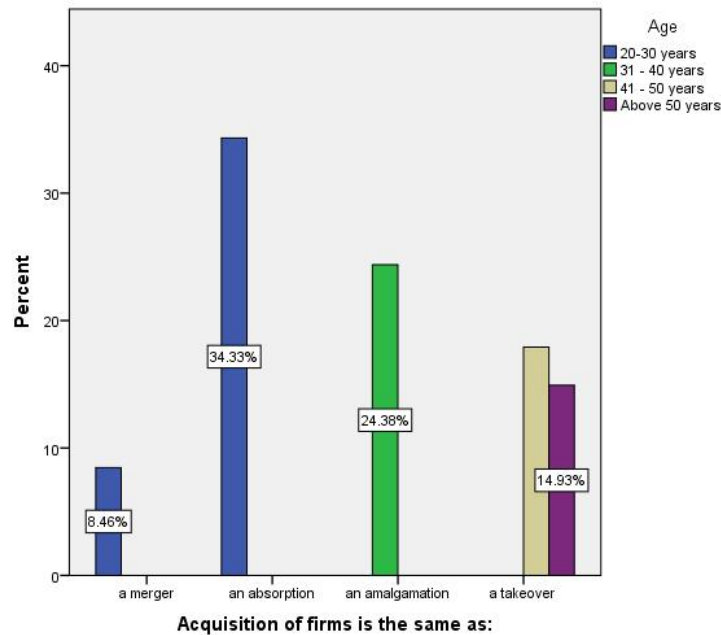


Legend

From the figure, it shows that age compared to merger and acquisition.



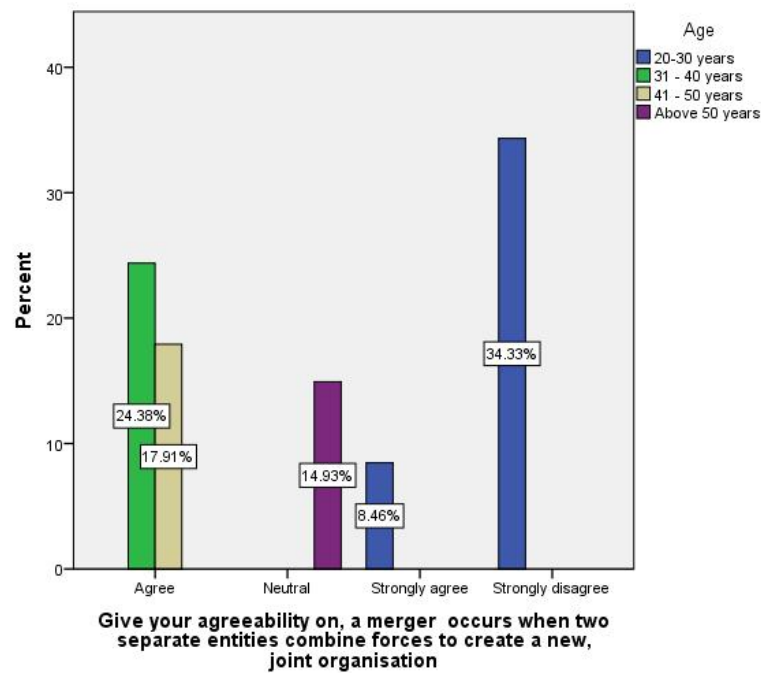
Figure 4



Legend

From the figure, it shows that the age is compared to acquisition of firms.

Figure 5



Legend

From the figure, it shows that age is compared to the agreeability of merger.

V. RESULTS

From the figure, it shows that male respondents say 63.59% and female respondents say 36.41% responses.(figure 1)From the figure, it shows that less than 20 years people 57.77%, 21-30 years people 28.16%, 31-40 years people 9.22%, 41-50 years people say 3.40% and above 50 years.(figure 2)From the figure,it shows that the age 20-30 years people say 52.12% yes, age 30-40 years people say 29.70% No and above 50 years people say yes.(Figure 3)From the figure, it shows that the age 20-30 years say 34.33% an absorption, age 31-40 years 24.38% an amalgamation, 41-50 years and above 50 years says 14.93% day takeover.(figure 4)From the figure, it shows that age 20-30 years say 34.33% strongly disagree, 31-40 years people 24.38% and 41-50 years say 17.91% and above 50 years people say 14.93% neutral.(figure 5)From the figure, it shows that age 20-30 years say 34.33% strongly disagree, 31-40 years people 24.38% and 41-50 years say 17.91% and above 50 years people say 14.93% neutral.

DISCUSSIONS : The respondents who responded to the survey are male respondents. For about 55% of the total respondents are male. Female respondents have also actively taken part in the survey. The percentage of female respondents from the total respondents are approximately 43% [Figure 1]. The respondents who responded to the survey are within the age group of 18 - 25. They constitute the major part of the survey. About 55% of the total respondents belong to the age group of 18 - 25. About 22% of the total respondents belong to the age group of 26 - 35 [Figure 2]. The respondents who responded to the survey are with the educational qualification of Post Graduate. They constitute about 52% of the total respondents. About 12% of the total respondents of the survey are with the educational qualification of Under Graduate [Figure 3]. The respondents who belong to the occupation of the private sector and self-employment majorly participated in the survey. About 68% of the total population are from the above mentioned sector. About 11% of the total respondents belong to the sector of public employment [Figure 4]. The respondents who are with the educational qualification of Post Graduate have opted to say Yes to the question of whether they have experience with coordinating merger and acquisition processors. About 28% of the respondents belonging to the post graduate have stated Yes whereas about 23% of the respondents have stated No to the above statement [Figure 5]

LIMITATION: The major limitation of the study is the sample frame. The sample frame Collected mostly directly from the people by visiting them in the various places in chennai and most of the peoples responded very interestingly. The questions are asked to them directly not through any online resources. The study has revealed that mergers and acquisitions can provide opportunities for companies to achieve growth, diversify their operations, enhance competitiveness, and gain access to new markets or technologies. Secondly, the study has highlighted the factors influencing M&A transactions in the Indian context. These include regulatory frameworks, economic conditions, industry dynamics, company strategies, and market forces.

SUGGESTION: This study aims to analyse the impact of merger and acquisition (M&A) activities on the Indian economy. M&A transactions play a significant role in shaping the corporate landscape, driving economic growth, and facilitating industry consolidation. The study examines the motivations behind M&A deals, the economic implications for companies involved, and the broader effects on the Indian economy.

VI. CONCLUSION

In conclusion, this study has examined the Indian economy with a special focus on mergers and acquisitions (M&A) of companies. Through an analysis of relevant literature, case studies, and empirical data, several key findings have emerged. Firstly, M&A activities have been a significant aspect of the Indian economy, playing a crucial role in shaping the corporate landscape. Understanding these factors is essential for analysing the motivations behind M&A deals and predicting their potential impacts on the economy. Furthermore, the study has examined the impacts of M&A activities on various stakeholders. It has been observed that M&A transactions can have both positive and negative effects. On



one hand, successful mergers and acquisitions can lead to synergies, increased efficiency, job creation, and value creation for shareholders. On the other hand, challenges such as integration issues, layoffs, market monopolies, and the concentration of economic power can arise, affecting employees, consumers, and smaller businesses. merger and acquisition (M&A) activity in India has been steadily increasing in recent years, driven by factors such as favourable government policies, growing investor interest, and the need for companies to expand their businesses and gain a competitive edge in the market.

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