

A COMPREHENSIVE EXAMINATION OF MERGER AND ACQUISITION STRATEGIES IN THE INDIAN CORPORATE SECTOR: AN EMPIRICAL STUDY

Dr. Vinod Kumar Vishwakarma*

Abstract

The contemporary corporate landscape has witnessed significant growth in the field of mergers and acquisitions (M&A), establishing itself as a pivotal strategic tool for organizational restructuring. In the Indian context, the roots of M&A practices can be traced back to governmental entities, with substantial contributions from key financial institutions shaping the corporate milieu. Post the economic reforms in 1991, India has faced a multitude of challenges domestically and globally, compelling businesses to embrace M&A as a strategic imperative amidst heightened international competition.

The landscape of mergers and acquisitions in India has evolved over time, yielding varied immediate effects across different sectors of the economy. The historical rarity of Indian entrepreneurs acquiring foreign enterprises has shifted notably, driven primarily by the global success of the Indian IT and ITES sectors. The active engagement of Indian companies in the global corporate arena has further fueled the surge in M&A activities.

Numerous factors contribute to the changing dynamics of mergers and acquisitions in India, including favorable government policies, a resilient economy, increased liquidity in the corporate sector, and the dynamic entrepreneurial attitudes prevalent in the country. Despite being a globally significant aspect of corporate strategy for decades, research on mergers and acquisitions has yet to yield conclusive evidence on whether these practices enhance efficiency or result in wealth erosion. The ongoing global discourse on the impact of M&As on firms emphasizes the need for a thorough exploration of trends and progress in M&A activities within the Indian context.

Keywords: Key terms related to mergers and acquisitions encompass consolidation, integration, takeover, merger types, acquisition strategies, synergies, due diligence, and divestiture.

Introduction:

Mergers and Acquisitions (M&A) have emerged as highly effective strategies for accelerating business plans and achieving rapid growth in various sectors such as telecommunications, pharmaceuticals, automobiles, and food and beverages. Companies have experienced accelerated growth through M&A strategies, supported by additional contributing factors. M&A involves transactions where two companies collaborate, with 'merger' and 'acquisition' representing distinct legal implications.

An acquisition takes place when a larger company absorbs a smaller one, acquiring its business in the process. On the other hand, a merger involves two similarly sized firms joining forces to form a single new entity, departing from separate ownership and operations.

In the Indian context, the initial phase of M&A transactions was orchestrated by government agencies and financial institutions within a regulated framework. However,

* Assistant Professor, School of Commerce and Management, Guru Ghasidas Vishwavidyalaya (A Central University) Bilaspur, Chhattisgarh

ISSN: 0973-3310

The Kashi Journal of Commerce

(A Peer Reviewed Refereed Journal)
A Bi-Annual Publication

VOLUME - XX

No. 1 (July - December, 2023)



Editor in Chief

Prof. Ajit Kumar Shukla
Head

Department of Commerce
Former Dean & Director

Faculty of Commerce and Management Studies
Mahatma Gandhi Kashi Vidyapith, Varanasi

Editor

Prof. Sudhir Kumar Shukla
Former Head

Department of Commerce
Mahatma Gandhi Kashi Vidyapith, Varanasi

Assistant Editor

Dr. Ayush Kumar
Assistant Professor

Department of Commerce
Mahatma Gandhi Kashi Vidyapith, Varanasi