

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

(X) Check this box if no longer subject to Section 16.  
 Form 4 or Form 5 obligations may continue. See Instructions 1(b).

1. Name and Address of Reporting Person  
 GILCREST, ROGER W.  
 4011 WEST RIVERSIDE AVENUE  
 MUNCIE, IN 47304
2. Issuer Name and Ticker or Trading Symbol  
 FIRST MERCHANTS CORPORATION  
 FRME
3. IRS or Social Security Number of Reporting Person (Voluntary)  
 ###-##-####
4. Statement for Month/Year  
 July 31, 1997
5. If Amendment, Date of Original (Month/Year)  
 July 31, 1997
6. Relationship of Reporting Person(s) to Issuer (Check all applicable)  
 Director  10% Owner  Officer (give title below)  Other  
 (specify below)  
 EXECUTIVE VICE PRESIDENT / FIRST MERCHANTS BANK, N.A.
7. Individual or Joint/Group Filing (Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

Table I -- Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security	2. Transaction Date	3. Transaction Code	4. Securities Acquired (A) or Disposed of (D)		5. Amount of Securities Beneficially Owned at End of Month	6. Direct (D) or Indirect (I)	7. Nature of Indirect Beneficial Ownership
			Amount	A/D Price			
Common Stock					18,163	D	
Common Stock					3,000	I	Spouse

Table II -- Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Derivative Security	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date	4. Transaction Code	5. Number of Derivative Securities Acquired (A) or Disposed of (D)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities	8. Price of Derivative Security	9. Number of Derivative Securities Beneficially Owned at End of Month	10. Direct (D) or Indirect (I)	11. Nature of Indirect Beneficial Ownership				
											Amount	Exercise Date	Title and Number of Shares	Owned at End of Month
Employee Stock Option (Right to Buy)	31.3750	07-31-97	A	V	2,300	A	01-31-98	07-31-07	Common	2,300		22,300	D	

Explanation of Responses:  
 By resolution of the Board of Directors of Issuer, effective January 1, 1997, reporting person is no longer subject to Section 16.

SIGNATURE OF REPORTING PERSON  
 Roger W. Gilcrest (Confirming Statement on File)  
 DATE  
 August 19, 1997