UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 4
STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP
( ) 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
    THRASH, JAMES L.
    5509 GREYTHORN
    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
    October 31, 1997
5. If Amendment, Date of Original (Month/Year)

6. Relationship of Reporting Person(s) to Issuer (Check all applicable)
   ( ) Director ( ) 10% Owner (X) Officer (give title below) ( ) Other
   (specify below)
   SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER
7. Individual or Joint/Group Filing (Check Applicable Line)
   (X) 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. Code	V	4. Securities Acquired (A) or Disposed of (D) Amount	A/ D	Price	5. Amount of Securities Beneficially Owned at End of Month	6. Direct (D) or Indirect (I)	7. Nature of Indirect Beneficial Ownership
Common Stock	10-31-97	S		154	D	33.25	8,131	D	

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

1. Title of Derivative Security	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date	4. Code	V	5. Number of Derivative Securities Acqui red(A) or Dis posed of(D) Amount	A/ D	6. Date Exercisable and Expiration Date(Month/Day/Year) Date Exercisable	Expiration Date	7. Title and Amount of Underlying Securities Title and Number of Shares	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
											2,300	D	

Explanation of Responses:
SIGNATURE OF REPORTING PERSON
James L. Thrash (Confirming Statement on File)
DATE
October 31, 1997