MERGERS AND AMALGAMATION OF BANKS IN INDIA: A STUDY OF PUBLIC SECTOR BANK CONSOLIDATION AND PRIVATE SECTOR/NBFC AMALGAMATIONS UNDER THE BANKING COMPANIES (ACQUISITION AND TRANSFER OF UNDERTAKINGS) ACTS, 1970 & 1980, AND THE BANKING REGULATION ACT, 1949

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ABSTRACT

The Indian banking sector has, over the past five decades, undergone repeated waves of consolidation driven alternately by the socialist imperative of nationalisation, the efficiency logic of scale economics, and the necessity of crisis resolution. With special reference to Section 9(1)(c) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and the parallel 1980 Act, as well as Sections 44A and 45 of the Banking Regulation Act, 1949, this paper analyzes the legal framework governing mergers and amalgamations of Public Sector Banks ("PSBs"), private sector banks, and Non-Banking Financial Companies ("NBFCs") in India. Using a doctrinal, case-study-based methodology, the paper analyses the 2019-2020 amalgamation of ten PSBs into four "anchor" banks, and contrasts this government-driven consolidation with the regulator-driven, crisis-triggered amalgamations of Yes Bank Ltd. and The Lakshmi Vilas Bank Ltd. ("LVB") with DBS Bank India Ltd. The study finds that while the statutory toolkit available to the Central Government and the Reserve Bank of India ("RBI") is doctrinally coherent, the exercise of these powers has evolved from a purely administrative, Parliament-mediated scheme-making power under the 1970/1980 Acts towards an increasingly reserve-bank-led, moratorium-triggered resolution power under Section 45 of the Banking Regulation Act, 1949, that operates with far greater speed but weaker ex ante shareholder and creditor participation. The paper offers suggestions for strengthening early-warning supervision, codifying a resolution framework akin to a bespoke bank insolvency law, and improving accountability and disclosure in scheme formulation.

Keywords: Bank Mergers, Public Sector Banks, Banking Regulation Act 1949, Section 45, Yes Bank, Lakshmi Vilas Bank, DBS Bank India, Amalgamation, Banking Companies (Acquisition and Transfer of Undertakings) Act.

1. Introduction

A recurrent feature in the development of India's banking system has been consolidation. The Indian State has viewed the banking sector not only as a commercial industry but also as a tool of developmental policy since it nationalized fourteen major commercial banks in 1969 and six more in 1980. This includes lending money to "priority sectors," mobilizing savings in rural areas, and, more recently, creating institutions with the balance sheet strength to finance major infrastructure projects and compete with international banks.[1]

The legal mechanism for such consolidation, however, is not monolithic. Two distinct statutory streams operate in parallel. The first stream — applicable to Public Sector Banks ("PSBs") — is rooted in the Banking Companies (Acquisition and Transfer of Undertakings) Acts of 1970 and 1980 (together, the "Nationalisation Acts"), which vest the Central Government with a scheme-making power under Section 9(1)(c) to amalgamate one "corresponding new bank" with another, subject to Parliamentary scrutiny. The second stream, applicable to private sector banking companies and, since 2019, systemically important NBFCs, is rooted in Part IIC (Sections 44A and 45) of the Banking Regulation Act, 1949 ("BR Act"), which vests the RBI and the Central Government with powers to compel a voluntary amalgamation (Section 44A) or, in extremis, to impose a moratorium and force a reconstruction or amalgamation scheme upon a failing bank (Section 45).[2]

The paper is organised around two illustrative episodes that together capture the full spectrum of Indian bank consolidation practice. The first is the government-orchestrated "mega-merger" of August 2019, under which ten PSBs were amalgamated into four larger anchor banks with effect from April 1, 2020 — a planned, efficiency-driven exercise of the Section 9 scheme-making power.[3]

The second is the pair of crisis-driven amalgamations of 2020 — the reconstruction of Yes Bank Ltd. via State Bank of India-led capital infusion under Section 45(4) and 45(7) of the BR Act, and the amalgamation of the distressed LVB with DBS Bank India Ltd., a wholly-owned

[1] Banking Companies (Acquisition and Transfer of Undertakings) Act, No. 5 of 1970, INDIA CODE (1970); Banking Companies (Acquisition and Transfer of Undertakings) Act, No. 40 of 1980, INDIA CODE (1980).
[2] Banking Regulation Act, No. 10 of 1949, §§ 44A, 45, INDIA CODE (1949) (as amended).
[3] Ministry of Finance, Press Information Bureau, Government of India, Government Announces Amalgamation of 10 Public Sector Banks into 4 Entities (Aug. 30, 2019); see also Rajeswari Sengupta & Harsh Vardhan, State of Bank Nationalisation in India, SSRN (2020), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3559291.

subsidiary of a Singaporean banking group, under the same statutory provision.[4]

The juxtaposition of these episodes is instructive. It reveals two very different regulatory postures: a deliberative, government-led restructuring of otherwise solvent (if inefficient) public banks, on the one hand, and a rapid, RBI-led rescue of failing private banks executed within days of a moratorium, on the other. This paper interrogates the statutory bases, procedural safeguards, and comparative outcomes of both models.

2. Research Questions

The following research questions serve as the basis for this investigation:

- RQ1: What is the statutory architecture governing amalgamation of Public Sector Banks under Section 9(1)(c) of the Banking Companies (Acquisition and Transfer of Undertakings) Acts, 1970 and 1980, and how was it operationalised in the 2019-2020 PSB mega-merger?

- RQ2: How do Sections 44A and 45 of the Banking Regulation Act, 1949 structure the amalgamation of private sector banks and NBFCs, and what procedural safeguards (or the absence thereof) characterise their exercise?

- RQ3: What do the Yes Bank and Lakshmi Vilas Bank episodes reveal about the RBI's crisis-resolution toolkit, and how did the treatment of shareholders, depositors and AT-1 bondholders differ across the two cases?

- RQ4: What are the comparative strengths and weaknesses of the "planned consolidation" model (PSBs) versus the "crisis resolution" model (private banks/NBFCs), and what reforms would improve the coherence of India's bank resolution framework?

3. Methodology

This paper adopts a doctrinal, black-letter-law methodology supplemented by qualitative case-study analysis. The doctrinal component involves a close textual reading of the relevant

[4]Reserve Bank of India, Press Release, Scheme of Amalgamation of Lakshmi Vilas Bank Ltd. with DBS Bank India Ltd. (Nov. 25, 2020), https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=50713.

statutory provisions — Section 9(1)(c) of the 1970 Act, the pari materia provision in the 1980 Act, and Sections 44A and 45 of the BR Act, 1949 — together with the schemes notified thereunder.

The case-study component draws upon primary regulatory sources, including RBI press releases, notified schemes of amalgamation and reconstruction published in the Gazette of India, Ministry of Finance press communiques, and disclosures made by the concerned banks to stock exchanges, cross-checked against secondary academic and financial-press commentary. Two illustrative case clusters were selected using a purposive sampling method: (i) the 2019-2020 PSB mega-merger, chosen as the paradigmatic instance of planned, non-distress PSB consolidation; and (ii) the Yes Bank and LVB episodes of 2020, chosen as paradigmatic instances of distress-driven amalgamation of private banks.[5]

The paper does not undertake an empirical or econometric analysis of post-merger financial performance; such quantitative assessment lies beyond its scope and is flagged as an avenue for future research. Citations follow The Bluebook (21st ed.) uniform system of citation, supplemented with explanatory footnotes and a consolidated list of references at the end.

4. Findings

4.1 The Statutory Architecture for PSB Mergers: Section 9(1)(c) of the 1970/1980 Acts

Section 9(1) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, and its 1980 counterpart, grants the Central Government the authority, following consultation with the Reserve Bank of India (RBI), to establish a scheme for implementing the Act's provisions. Specifically, sub-clause (c) of this section allows such a scheme to facilitate "the transfer of the whole or any part of the undertaking of a corresponding new bank to any other corresponding new bank or banking institution." This provision forms the legal basis for consolidating nationalized banks with each other or with broader banking entities.[6]

This mechanism differs from standard corporate merger regulations under the Companies Act, 2013, in three key procedural aspects. Firstly, the Central Government unilaterally formulates

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[5]Cf. Viral V. Acharya, Governance and Resolution of Financial Institutions in India, RBI Bulletin (2019) (discussing the comparative frameworks for distressed bank resolution).
[6]Banking Companies (Acquisition and Transfer of Undertakings) Act, No. 5 of 1970, § 9(1), INDIA CODE (1970); Banking Companies (Acquisition and Transfer of Undertakings) Act, No. 40 of 1980, § 9(1), INDIA CODE (1980).

the scheme after merely "consulting" the RBI. The boards and shareholders of the merging banks lack veto power, which is unsurprising given the Central Government's majority shareholding.

Secondly, all such schemes are subject to a parliamentary review process. They must be presented to both Houses of Parliament for a cumulative period of thirty days. During this time, Parliament may propose modifications or annul the scheme, though any annulment applies prospectively and does not invalidate actions already undertaken.[7]

Thirdly, the scope of scheme provisions extends beyond the mere transfer of undertakings. It encompasses consequential matters such as the composition of the merged bank's board of directors, the continuation of service and pension rights for transferred employees, and the handling of paid-up capital and reserves. These provisions are designed to ensure that PSB mergers, unlike emergency resolutions under Section 45, can follow a structured implementation timeline spanning several months.

4.2 The 2019-2020 PSB Mega-Merger: Application of Section 9(1)(c)

The Finance Minister said on August 30, 2019, that 10 PSBs will be combined into four bigger organizations, bringing the overall number of PSBs in India down from twenty-seven (as of 2017) to twelve.[8]

Under this plan, Oriental Bank of Commerce and United Bank of India merged to form Punjab National Bank, becoming the nation's second-largest PSB with combined business of approximately ₹17.5 lakh crore. Syndicate Bank merged with Canara Bank, resulting in a combined revenue of ₹15.20 lakh crore and the third-largest branch network among Indian banks. Union Bank of India was established through the merger of Andhra Bank and Corporation Bank, while Indian Bank was formed by merging Allahabad Bank. The Bank of India and the Central Bank of India remained independent entities.[9]

The Finance Minister articulated the rationale for this consolidation, stating that twelve PSBs

[7]Banking Companies (Acquisition and Transfer of Undertakings) Act, No. 5 of 1970, § 9(4), INDIA CODE (1970).
[8]Mega PSB Merger: 10 Banks Amalgamated into 4 Entities, NATIONAL HERALD (Aug. 30, 2019); Mega PSB Merger: 10 Banks Amalgamated into 4-Entities, OMAN OBSERVER (Aug. 30, 2019).
[9]Mega PSB Merger: 10 Banks Amalgamated into 4-Entities, OMAN OBSERVER, supra note 12 (detailing the combined advances and deposit figures for the Canara-Syndicate merger and PNB's post-merger business scale).

represented "the right number." The consolidation was intended to enhance capital management, create institutions capable of underwriting larger infrastructure loans, and rationalize overlapping branch networks, particularly for region-specific banks.

The 2017 merger of the State Bank of India with its five associate banks (State Bank of Bikaner and Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala, and State Bank of Travancore) and the Bharatiya Mahila Bank, executed under a similar scheme-making power in the State Bank of India (Subsidiary Banks) Act, 1959, served as a precedent for this exercise. It demonstrated that the Section 9(1)(c) approach of government-mandated, Parliament-noticed amalgamations is a standard instrument of Indian banking policy.[10]

Empirical observations suggest that the selection of anchor banks for these mergers was strategic. Banks with complementary regional presence, technological infrastructure (especially core banking systems), and asset quality profiles were paired to minimize integration challenges. However, post-merger analysis indicates that harmonizing non-performing asset recognition standards, provisioning policies, and human resource structures across the merged entities has proven to be a more protracted and costly process than initially anticipated.

4.3 Private Sector Bank and NBFC Amalgamation: Sections 44A and 45 of the Banking Regulation Act, 1949

Part IIC of the Banking Regulation Act, 1949, governs private sector banking institutions, paralleling the executive scheme-making process for PSB mergers under the Nationalization Acts. Section 44A outlines the standard, non-distress route for amalgamation. This requires the draft amalgamation plan to be approved by a majority resolution of shareholders from each amalgamating banking company present at a general meeting, representing two-thirds of the value of their holdings. Subsequently, the RBI must approve the plan and certify that it does not jeopardize depositor interests.[11]

In contrast, Section 45 details the extraordinary, distress-driven route. It empowers the RBI,

[10]See M&A Critique, supra note 13.
[11]Banking Regulation Act, No. 10 of 1949, § 44A, INDIA CODE (1949).

upon forming the belief that there is "good reason" to do so, to petition the Central Government for a moratorium on a banking company for up to six months. During this period, the bank's obligations are suspended or limited.[12]

Crucially, Section 45(4) permits the RBI, during the moratorium, to formulate a scheme for the reconstruction of the banking company or its amalgamation with another banking institution, provided it is satisfied that this is necessary in the public interest, the interest of depositors, to ensure proper management of the banking company, or for the benefit of the banking system as a whole. Section 45(7) mandates the publication of the draft scheme to solicit objections and suggestions from the relevant banking companies, their shareholders, and creditors. In practice, however, the timeframe for such objections in both the Yes Bank and Lakshmi Vilas Bank (LVB) schemes was significantly compressed due to the urgency of the moratorium.[13]

This dual structure—a shareholder-consent pathway under Section 44A for voluntary, non-distress amalgamations, and a moratorium-triggered, RBI-directed pathway under Section 45 for distress resolution—was extended in 2019-2020 to encompass systemically important NBFCs and housing finance companies. This expansion followed legislative and regulatory recognition, in the wake of the IL&FS and Dewan Housing Finance Corporation defaults, that the shadow-banking sector posed a systemic risk comparable to that of scheduled commercial banks.[14]

4.4 Case Study I: Yes Bank Ltd. Reconstruction Scheme, 2020

By late 2019, Yes Bank, India's fourth-largest private sector lender, had accumulated a significantly stressed corporate loan portfolio due to aggressive credit expansion, poor governance under its founder and promoter, and an inability to secure sufficient replacement capital despite repeated board approvals. In response to an RBI request, the Ministry of Finance, on March 5, 2020, superseded the bank's board under Section 36ACA of the Banking Regulation Act and imposed a thirty-day moratorium on Yes Bank under Section 45(2) of the

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[12] Banking Regulation Act, No. 10 of 1949, § 45(1)-(2), INDIA CODE (1949).
[13] Banking Regulation Act, No. 10 of 1949, §§ 45(4), 45(7), INDIA CODE (1949); see Reconstruction Scheme for YES Bank – Key to Survival of the Indian Financial System, M&A CRITIQUE (2020).
[14] See Insolvency and Bankruptcy Code (Amendment) Ordinance, 2019 (introducing a special insolvency framework for systemically important financial service providers, including NBFCs, administered by the RBI); Press Information Bureau, RBI Supersedes Board of Dewan Housing Finance Corporation Ltd. (Nov. 20, 2019).

Act, limiting individual withdrawals to ₹50,000.[15]

On the same day, the RBI released a draft "Yes Bank Ltd. Reconstruction Scheme, 2020" under Section 45(4), proposing that the State Bank of India (SBI) would act as the lead "investor bank," acquiring up to a 49% equity stake (with a minimum holding of 26% for three years), alongside a consortium of other domestic banks. The final scheme, notified on March 13, 2020, confirmed an aggregate capital infusion of ₹100 billion by eight investor banks—SBI, HDFC Bank, ICICI Bank, Axis Bank, Kotak Mahindra Bank, Federal Bank, Bandhan Bank, and IDFC First Bank—with SBI contributing up to ₹72.5 billion for a 48.2% equity stake.[16]

A notable and contentious aspect of the Yes Bank scheme was the complete and permanent write-down of Additional Tier-1 (AT-1) bonds valued at approximately ₹84 billion. This action was justified on the grounds that the point of non-viability trigger, embedded in the Basel III-compliant instruments, had been reached. This write-down, which extinguished the claims of AT-1 bondholders entirely while equity holders, though significantly diluted, retained residual value, was subsequently challenged by bondholders, including Axis Trustee Services Ltd., before the Bombay High Court and the National Company Law Appellate Tribunal. This generated a significant and still-debated precedent regarding the seniority and loss-absorption treatment of hybrid capital instruments in Indian bank resolutions.[17]

On March 18, 2020, the moratorium was lifted, and a reorganized board took over. Sunil Mehta, a former non-executive chairman of Punjab National Bank, served as non-executive chairman, and Prashant Kumar, a former chief financial officer of SBI, served as managing director and CEO. Together, SBI and RBI nominees made up half of the new board. In July 2020, the rebuilt bank successfully obtained an additional ₹148.7 billion through a follow-on public offer. According to the scheme's departure terms, an independent, non-investor-affiliated board was allowed to assume leadership starting in July 2022.[18]

[15]Kaleb B. Nygaard, India: Yes Bank Moratorium, 2020, J. Fin. Crises (Yale Program on Financial Stability, 2021); Order of Moratorium, Ministry of Finance, Dep't of Financial Services, Notification No. S.O. 993(E) (Mar. 5, 2020).

[16]Rosa Zhu & Kaleb B. Nygaard, India: Yes Bank Capital Injection, 2020, New Bagehot Project (Yale Program on Financial Stability); Reserve Bank of India, Yes Bank Ltd. Reconstruction Scheme, 2020, G.S.R. 174(E) (Mar. 13, 2020).

[17]Zhu & Nygaard, supra note 20, at 9 (discussing the AT-1 write-down litigation before the Bombay High Court and Madras High Court).

[18]Reserve Bank of India, Yes Bank Ltd. Reconstruction Scheme, 2020, cl. 5(7), G.S.R. 174(E) (Mar. 13, 2020).

4.5 Case Study II: Amalgamation of The Lakshmi Vilas Bank Ltd. with DBS Bank India Ltd.

The Lakshmi Vilas Bank Ltd. (LVB), a Chennai-based private bank with a long-standing retail and SME franchise in South India, was placed under the RBI's Prompt Corrective Action framework in September 2019 due to persistently weak capital ratios, deteriorating asset quality, and ongoing losses. An earlier proposed amalgamation with Indiabulls Housing Finance Ltd. was rejected by the RBI in October 2019, leaving LVB without a viable recapitalization plan and its net worth turning negative.[19]

In response to a further RBI application under Section 45(2) of the Banking Regulation Act, the Central Government imposed a one-month embargo on LVB on November 17, 2020. This limited withdrawals to ₹25,000, with an exemption of ₹500,000 for confirmed medical and educational emergencies. Simultaneously, just minutes after the moratorium took effect, the RBI published a draft scheme for the merger of LVB with DBS Bank India Ltd. (DBIL), the wholly-owned Indian banking subsidiary of DBS Bank Ltd., Singapore, which is itself a subsidiary of DBS Group Holdings Ltd., one of Asia's largest financial services conglomerates.[20]

The Union Cabinet approved the final scheme, and it was sanctioned by the Central Government, becoming effective from the appointed date of November 27, 2020. On this date, the moratorium was lifted, and all LVB branches commenced operations as branches of DBIL. As part of the amalgamation, DBS Group injected ₹25 billion (SGD 463 million) of fresh capital into DBIL, funded entirely from the parent group's own resources rather than Indian public funds. This ensured that DBIL's capital adequacy ratio remained comfortably above regulatory minimums even after absorbing LVB's stressed loan book.[21]

Unlike the Yes Bank scenario, where a consortium of Indian banks (led by a public sector entity, SBI) undertook the rescue, the LVB amalgamation is significant as the first instance in

[19]Lakshmi Vilas Bank Under Moratorium by RBI: To Be Merged with Singapore's DBS, GROWW (Nov. 2020).

[20]Draft 'The Lakshmi Vilas Bank Ltd. (Amalgamation with DBS Bank India Limited) Scheme, 2020', Reserve Bank of India (Nov. 17, 2020); Order of Moratorium, Ministry of Finance, Notification No. S.O. 4127(E) (Nov. 17, 2020).

[21]Reserve Bank of India, Press Release, Amalgamation of the Lakshmi Vilas Bank Ltd. with DBS Bank India Ltd. (Nov. 25, 2020), https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=50713; DBS Bank, Amalgamation of Lakshmi Vilas Bank with DBS Bank India Limited (Nov. 2020).

Indian banking history where a distressed domestic private bank was absorbed by the local subsidiary of a foreign banking group under the Section 45 mechanism. It also involved a more severe treatment of equity: LVB's entire paid-up equity capital, reserves, and share premium were written off in full as part of the scheme, resulting in existing shareholders incurring a total loss of their investment. This outcome was materially more severe than the diluted, non-extinguished equity position of Yes Bank's pre-existing shareholders.[22]

4.6 Comparative Assessment

Table 1 below synthesises the principal points of divergence between the government-led PSB consolidation model and the RBI-led private-sector crisis-resolution model.

Feature	PSB Mega-Merger (Sec. 9(1)(c), 1970/1980 Acts)	Yes Bank / LVB (Sec. 45, BR Act 1949)
Trigger	Policy-driven; target banks generally solvent	Distress/insolvency; negative or near-negative net worth
Decision-maker	Central Government, after RBI consultation	RBI application; Central Government order
Timeline	Announced Aug. 2019; effective Apr. 1, 2020 (~7 months)	Yes Bank: 8 days from moratorium to new scheme; LVB: 10 days
Shareholder role	None (Government is majority owner)	None during moratorium; objections invited but compressed
Equity treatment	Government equity re-allotted per scheme	Yes Bank: diluted; LVB: written off in full
Parliamentary oversight	Scheme laid before Parliament, 30 days	No equivalent requirement under Sec. 45
Acquirer	Another PSB (anchor bank)	Yes Bank: bank consortium; LVB: foreign bank subsidiary

[22]Cf. Reserve Bank of India, Press Release, supra note 24 (confirming write-off of LVB's paid-up capital and reserves) with Zhu & Nygaard, supra note 20 (describing dilution, not extinguishment, of Yes Bank's pre-existing equity).

5. Suggestions

First, India would benefit from a codified, standalone bank resolution statute that consolidates and modernises the scattered powers presently found in Section 45 of the BR Act, the Nationalisation Acts, and the SBI Act, drawing on the lessons of the abandoned FRDI Bill while addressing the political concerns (particularly around uninsured depositor "bail-in") that led to its withdrawal in 2018. A dedicated resolution framework, with pre-defined loss-allocation waterfalls, would reduce the ad hoc, scheme-by-scheme drafting presently required of the RBI under acute time pressure.

Second, the compressed objection window under Section 45(7) — a matter of days in both the Yes Bank and LVB episodes — should be reconsidered. While speed is essential to prevent bank runs, a minimum statutory period for affected creditors and minority shareholders to be heard, even if abbreviated relative to the ordinary Section 44A process, would strengthen due process without materially compromising financial stability.

Third, the treatment of AT-1 instruments in the Yes Bank write-down underscores the need for RBI to issue clearer, ex ante guidance on the trigger conditions and sequencing of loss absorption between AT-1 bonds and common equity, so that investors can price these instruments accurately and so that future write-downs are not subject to prolonged litigation.

Fourth, in respect of PSB consolidation specifically, the Central Government should commission and publish an independent, time-bound post-merger performance review of the 2019-2020 mega-merger — covering asset-quality harmonisation, technology-platform integration costs, and branch-rationalisation outcomes — both to inform any further round of PSB consolidation and to test empirically whether the anticipated efficiency gains have in fact materialised.

Fifth, given the extension of systemic-risk oversight to NBFCs following the IL&FS and DHFL defaults, Parliament should consider whether the Section 45 moratorium-and-scheme mechanism, designed originally for licensed banking companies, requires further calibration for large NBFCs, whose funding structures (commercial paper, market borrowings) differ materially from deposit-funded banks and may require different early-intervention triggers.

6. Conclusion

The Indian experience with bank mergers and amalgamations reveals a bifurcated legal architecture that has, on the whole, functioned effectively to preserve financial stability, but whose two limbs — the Nationalisation Acts and Part IIC of the BR Act, 1949 — reflect quite different constitutional and procedural values. The Section 9(1)(c) route, exemplified by the 2019-2020 PSB mega-merger, is a deliberative, Parliament-mediated exercise of ownership power that treats consolidation as an instrument of long-term policy design, with the luxury of time to sequence integration. The Section 45 route, exemplified by the Yes Bank and Lakshmi Vilas Bank episodes, is a regulator-led emergency power exercised at speed to avert systemic contagion, necessarily compressing the participatory rights ordinarily available to shareholders and creditors.

Both mechanisms achieved their immediate objective: no depositor in either the PSB mergers or the Yes Bank/LVB rescues lost principal, and systemic contagion was avoided in each case. Yet the comparative analysis in this paper suggests that India's reliance on a moratorium-triggered, case-by-case scheme-drafting exercise under Section 45 — rather than a dedicated, pre-legislated resolution framework — leaves the system dependent on the RBI's institutional capacity to draft bespoke rescue schemes within days, a model that has so far succeeded but carries evident tail risk should multiple banks require simultaneous resolution. The paper's central recommendation, therefore, is that India move toward a more codified and predictable bank resolution regime, while preserving the emergency speed that proved decisive in both the Yes Bank and LVB cases.

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