# FROM COMPETITION TO COLLABORATION: THE EVOLUTION OF INDIA'S BIGGEST MERGERS

Lipika Khandelwal, Heritage Law College

**ABSTRACT**

This paper examines the evolution of merger and acquisition (M&A) activity in India, highlighting how strategic consolidations have shifted the corporate landscape from competition to collaboration. It explains key concepts, types, and objectives of mergers, and analyses major deals such as Vodafone–Idea, HDFC Bank–HDFC Ltd, Tata Steel–Corus, and ICICI Bank–Bank of Rajasthan to illustrate motivations, synergies, and industry outcomes. The study further explores the macroeconomic impact of M&As including contributions to GDP growth, job creation, investment inflows, and strengthening foreign investor confidence while showcasing their role in building globally competitive Indian brands. With rising deal activity in 2024–25 driven by economic resilience, regulatory reforms, and investor optimism, the paper identifies emerging trends in digital, startup, and green-energy M&A, along with policy measures enhancing ease of doing business. Overall, it concludes that India's dynamic M&A environment will continue to catalyse innovation, market expansion, and global integration in the years ahead.

## Introduction

Merger and acquisition (M&A) deals are the process of strategically combining two companies, or consolidating their businesses and assets. This may happen when two firms are consolidated such that a new "parent" corporation is formed (e.g., through merger or acquisition), and the old parent no longer exists, though its obligations remain. Companies may make hostile takeovers and open offers for control of the target.

Mergers, through which efficiency is elevated, services improved, innovation nurtured, promote economic growth. Merger activity has thronged around India, with M& A markets blooming amid a surging economy and pro-business laws like the Ease of Doing Business. This trend is being influenced by factors such as globalization, new technologies and the desire to grow. From start-ups to big corporations, the deals keep businesses competitive and help burnish India's reputation in the world, create jobs and attract foreign investment. For the former, you may see how whiffs of such agreements could transform industries and directly impact customers across the country, like a Disney India-Jio Cinema or Flipkart-Walmart deal.

### Understanding Mergers: Concept and Significance

When two companies combine to form a new business with common ownership, management, and identity, this is known as a "**merger**". It is a choice made by both parties with the intention of benefiting both parties, typically without any financial exchange. On the other hand, an "**acquisition**" happens when a bigger business purchases a majority stake, usually more than 51%, in a smaller business to gain control of it. The assets and operations of the purchased company become a part of the acquiring firm, and the acquired company loses its independent identity.

### Types of Mergers

There are five primary categories of mergers

**Horizontal merger**: A horizontal merger is when two businesses that provide rival goods and services and work in the same sector combine. A horizontal merger would occur, for example, if two smartphone manufacturers merged their businesses.

**Vertical merger**: Businesses that are positioned at different stages of the supply chain can integrate vertically. A furniture store combining with a company that manufactures wood and other raw materials for furniture manufacturing would be one example.

**Market-extension merger**: A market-extension merger is the union of two businesses that operate in different geographical areas but offer comparable goods or services. An instance of this would be the merger of an Indian beverage company with a Southeast Asian counterpart.

**Product-extension merger**: This includes companies who sell distinct but related products in the same market. A laptop manufacturer combining with a business that makes computer accessories like keyboards and mice is one example.

**Objectives of Mergers**

The Objectives are:

**Value creation**: Increasing shareholder value is a common goal of mergers. When two businesses come together, they can increase productivity, cut expenses, and capitalize on complimentary skills, which improves overall performance and boosts company value.

**Diversification**: Businesses usually combine in order to increase their product offerings or market share. They lessen dependence on a particular business area and generate more steady growth prospects by branching out into new industries or increasing their service offerings.

**Acquisition of assets**: Sometimes, a merger is driven by the goal of gaining access to valuable assets such as patents, technology, or infrastructure that are otherwise hard to obtain. Merging provides a quicker and more strategic route to secure these resources.

**Tax purposes**: Mergers can also be used as a tax strategy. If a profitable company merges with one that has accumulated tax losses, the combined entity may benefit from a lower overall tax liability by using those losses to offset taxable income

**M&A trends in India [1]**

India witnessed a strong rebound in merger and acquisition (M&A) activity in 2024. After a period of volatility, peaking in FY22 and declining steadily through Q1 2023 and the rest of

[1] https://ibef.org/blogs/an-overview-of-recent-mergers-and-acquisitions-trend-in-india

the year the deal-making landscape began to recover. Unlike the slower pace of global M&A, India experienced renewed momentum from early 2024, largely driven by growing investor trust in the country's economic resilience. The Reserve Bank of India increased its prediction for GDP growth in FY25 from 7.0% to 7.2%, pointing to growing urban spending and robust consumer demand as major drivers. This, combined with a bullish stock market, a steady rise in the Purchasing Manager's Index (PMI), and improving consumer sentiment, sets the stage for continued growth in M&A activity

**Top 4 Mergers in India**

**Vodafone–Idea Merger**[2]

The formal merger was announced in March 2017 by Vodafone and Idea. It was worth $23 billion[3]

1. **Background**

   **Vodafone** is a British multinational telecom company headquartered in the UK. It offers voice, data, messaging, and broadband services across Europe, Africa, the Middle East, and Asia-Pacific. It has a consumer base of 330 million customers. Aditya Birla Group is a Mumbai-based Fortune 500 multinational operating in about 36 countries with over 120,000 employees. Its telecom venture, **Idea Cellular**, founded in 1995, was once India's third-largest telecom company with a 15.9% market share.

2. **Motivation**

   - **Jio's Disruption**- Jio's low-cost data forced competitors to scale up and cut costs. The merger helped Vodafone and Idea stay competitive.[4]

   - **Cost Synergies**- Merging operations and infrastructure aimed to save around ₹14,000 crore annually.[5]

   - **Scale Advantage**- A combined spectrum and network enabled better coverage

[2] https://www.vodafone.com/news/technology-news/merger-between-vodafone-india-and-idea
[3] https://www.reuters.com/article/us-vodafone-m-a-idea-idUSKBN16R07R/
[4] https://economictimes.indiatimes.com/news/company/corporate-trends/idea-merges-with-vodafone-to-create-indias-largest-worlds-2nd-largest-telecom-company/articleshow/57741270.cms
[5] https://timesofindia.indiatimes.com/business/india-business/vodafone-completes-merger-with-idea-creates-indias-largest-mobile-operator/articleshow/65620513.cms

and faster 4G/5G rollout.

3. **Outcome and Industry impact.**

   - **Rebranding as Vi-** In 2020, Vodafone and Idea merged under the "Vi" brand to unify their presence and streamline operations.

   - **Market Share & Scale-**. With increased infrastructure and coverage, Vodafone Idea became one of India's biggest telecom companies after the merger, with a roughly 32% revenue market share.[6]

   - **Government Intervention-** In order to sustain market competition, the government turned spectrum dues into equity to support Vi, growing into a significant stakeholder by 2025.[7]

   - **Ongoing Financial Strain-** Vi still faces challenges with large debt, 5G investment requirements, and customer attrition despite assistance.

**HDFC Bank–HDFC Ltd Merger**[8]

The formal Merger was announced on April 4, 2022, where HDFC Ltd would merge into HDFC Bank.

- **Background**

  **HDFC Ltd**, a leading housing finance company founded in 1977, played a key role in developing India's mortgage market. **HDFC Bank**, launched in 1994 as its subsidiary, grew into one of the country's top private banks. Although they worked closely especially in home loan distribution they operated as separate entities.

- **Motivation**

  - **Lower Cost of Funds-** HDFC Bank's access to low-cost CASA deposits helps

---

[6] https://www.vodafone.com/news/technology-news/merger-between-vodafone-india-and-idea
[7] https://www.reuters.com/business/media-telecom/indian-government-raise-stake-vodafone-idea-4899-2025-03-30/
[8] https://www.hdfcbank.com/personal/about-us/news-room/press-release/2023/q2/hdfc-ltd-to-merge-into-hdfc-bank-effective-july-1-2023

reduce the overall cost of borrowing compared to HDFC Ltd.'s reliance on market-based funds.

- **Regulatory Alignment**- RBI's efforts to bring NBFCs and banks under similar regulations reduced the advantages of operating separately, encouraging consolidation.

- **Strategic Synergies**-The merger combines HDFC Bank's strong distribution network and financial base with HDFC Ltd.'s expertise in housing finance. The unified entity can now offer a broader range of financial products like home loans, insurance, and investment products to a larger customer base.

- **Outcome and Industry impact**

  - **Market Position**- Post-merger, HDFC Bank became India's second-largest bank by assets, after SBI.[9]

  - **Ownership Structure**- HDFC Ltd.'s shares were absorbed, increasing HDFC Bank's capital. Former shareholders of HDFC Ltd now own about 41% of merged entity.[10]

  - I**mpact on Credit Growth-** The merger temporarily slowed overall credit growth in the banking sector during FY24 and FY25, due to integration-related adjustments.[11]

**Tata Steel–Corus Merger[12]**

The Tata Steel-Corus Merger was declared on 2nd April 2007

- **Background**

One of the biggest and oldest steel manufacturers in India, **Tata Steel** is a member of the Tata

[9] https://en.wikipedia.org/wiki/HDFC_Bank
[10] https://www.livemint.com/companies/news/hdfc-board-approves-merger-with-and-into-hdfc-bank-11649043253684.html
[11] https://timesofindia.indiatimes.com/business/india-business/hdfc-duos-merger-still-looms-over-industrys-credit-growth/articleshow/122802519.cms
[12] https://www.tatasteel.com/media/newsroom/press-releases/india/2007/tata-steel-completes-62bn-acquisition-of-corus-group-plc/

Group and is renowned for its economical operations. Based in the UK and the Netherlands, **Corus Group plc** was a well-known European steel manufacturer with a focus on premium steel for the building and automotive industries. The largest overseas acquisition by an Indian firm at the time was the £6.2 billion (~$12.1 billion) purchase of the UK-Netherlands-based steelmaker Corus Group plc by Tata Steel in 2007. With a combined yearly capacity of 27 million tons, the merger produced the fifth-largest steel producer in the world.[13]

- **Motivation**
  - **Modern Manufacturing Access**- Corus brought advanced steel plants in the UK and Netherlands, such as Port Talbot and Ijmuiden, offering Tata Steel exposure to high-quality European production standards.
  - **Entry into European Markets**- The deal gave Tata immediate access to the EU's mature steel market, helping it bypass entry barriers and tap into premium customer segments.
  - **Strategic Diversification**- The acquisition helped reduce Tata's reliance on the Indian market by expanding its geographic footprint and balancing its portfolio across.
- **Outcome and Industry impact**
  - **Strategic Leap**: The acquisition elevated Tata Steel into the global top-tier of steelmakers and extended its reach across Europe and other regions.
  - **Heavy Debt Load**: The deal was financed largely by borrowing; after the 2008 financial crisis, collapsing demand, especially in Europe, made repaying that debt much more difficult. [14]
  - **Asset Divestment**: In 2016, Tata Steel sold its Long Products Europe division (including the Scunthorpe plant) to Greybull Capital as part of restructuring

[13] https://www.livemint.com/Companies/819Mnn4EOluhEfo0kvJMOJ/Tata-Steel-completes-12-billion-acquisition-of-Corus-Group.html
[14] https://www.tatasteel.com/investors/annual-report-2008-09/html/enduring_the_turbulence.html

efforts. [15]

**ICICI Bank–Bank of Rajasthan Merger[16]**

ICICI Bank merged with Bank of Rajasthan in May 2010**.**

- **Background**

In May 2010, Bank of Rajasthan (BoR), a long-standing private bank with its headquarters in Udaipur, decided to combine with ICICI Bank, which was then the biggest private bank in India. The deal was an all-share swap: ICICI would issue 25 of its shares for every 118 BoR shares, valuing the transaction at about ₹3,000 crore[17]. The Reserve Bank of India approved the merger, pointing to serious irregularities in BoR's operations under the Tayal family. Afterwards, BoR's branches and employees became part of ICICI Bank.[18]

- **Motivation**

    - **Regulatory Issues**- BoR faced RBI and SEBI action due to governance lapses under the Tayal family, prompting regulatory pressure for a merger. [19]

    - **Branch Expansion**- ICICI gained 463 branches, strengthening its network in Rajasthan and across North-West India.

    - **Customer Reach**- The deal expanded ICICI's retail base, especially in semi-urban and rural markets, through BoR's strong deposit network.

- **Outcome and Industry impact**

    - **Integration & Branding**- From 13 August 2010, all 463 branches of the Bank of Rajasthan began functioning as branches of ICICI Bank. Employees, assets,

[15] https://www.tatasteel.com/newsroom/press-releases/india/2016/tata-steel-uk-completes-sale-of-long-products-europe-business-to-greybull-capital/
[16] https://www.icicibank.com/about-us/news-room/2010/news-icici-bank-ltd-indias-largest-private-sector-bank-welcomes-all-existing-customers-of-bank-of-rajasthan-bor
[17] https://www.indiatoday.in/business/story/icici-bor-boards-approve-merger-through-share-swap-deal-74950-2010-05-22
[18] https://www.indiatoday.in/business/story/icici-bor-boards-approve-merger-through-share-swap-deal-74950-2010-05-22
[19] https://www.business-standard.com/article/finance/bank-of-rajasthan-to-merge-with-icici-bank-110051900028_1.html

and liabilities were smoothly assimilated, giving ICICI a branch network of about 2,500 outlets.

- **Short-term Challenge**- ICICI had to take on BoR's weaker financials, including non-performing loans, and update BoR's legacy banking systems and risk controls.

- **Regulatory Precedent**- This was among the first major private-bank consolidations pushed by RBI oversight in the post-liberalisation era, highlighting governance and regulatory compliance as central merger drivers.

**Impact of Mergers on the Indian Economy**

M&A is a key factor in the rapid and dynamic transformation that is occurring in India's commercial climate. These deals are changing industries and have a significant effect on the Indian economy as a whole, going far beyond straightforward corporate restructuring.

**Contribution to GDP, Employment, and Investment patterns**

The value of M&A deals in India increased significantly in 2024, hitting USD 36.14 billion, up around 43.2% from 2023's approximately USD 25.24 billion.[20] The country's M&A volume increased dramatically as well, rising from USD 79 billion in 2024 to USD 109 billion in 2021, according to data from Kotak Investment Bank.[21]

The value of M&A deals was approximately USD 50.5 billion in the first half of 2025, which represents a little increase of almost 2% over the same period the year before. Power, especially renewable energy, saw significant deal activity across the several industries during that time, with values approaching USD 8.5 billion. [22]An industry-wise breakdown reveals that Information Technology and IT-enabled services accounted for roughly 21% of total acquisition activity. Fintech and financial services followed with about 9.3%**,** while energy and natural resources contributed approximately 8.6%**,** and healthcare and life sciences made up

[20] https://www.forbesindia.com/article/take-one-big-story-of-the-day/mampa-in-india-deals-see-a-resurgence-in-2024/94956/1
[21] https://www.businesstoday.in/latest/corporate/story/india-saw-38-increase-in-ma-activity-deal-contribution-by-domestic-firms-doubled-in-cy24-kotak-investment-bank-460518-2025-01-13
[22] https://www.ey.com/en_in/newsroom/2025/08/india-s-m-a-activity-holds-ground-with-us-dollor-50-point-5-billion-in-deal-value-in-h1-2025

around 7.8% of overall M&A transactions.[23]

**Influence on foreign investor confidence**

Various legal and policy reforms such as simplifying approval processes for foreign investment, easing regulations on cross-border mergers, and decriminalizing select corporate law provisions have been highlighted in analyses and expert opinions as key factors boosting investor confidence in M&A and capital inflows[24]. For example, expanding the number of sectors eligible under the "automatic route" for FDI has reduced bureaucratic hurdles, enhancing India's appeal for investment deals. Additionally, regulatory measures that remove the requirement for NCLT approval in certain cross-border transactions are viewed by experts as strong positive signals to foreign investors.[25]

**Role of mergers in creating global Indian brands**

Some global Indian Brands created by mergers include-

- **STX Entertainment – Eros International-** In 2020, US-based STX Entertainment merged with Indian film / media company Eros International in an all-stock deal, creating a combined entity with broader global and Indian content reach. [26]

- **Schaeffler India internal entity merger to promote global brand alignment-** Schaeffler, a German global automotive supplier, merged its various Indian legal entities to create a single stronger entity under the global brand "Schaeffler" in India.[27]

**Air India – Vistara merger-** Despite being a joint venture between Tata and Singapore Airlines at first, Vistara will merge into Air India in 2024 in an effort to create a more powerful international airline.[28]

[23] https://practiceguides.chambers.com/practice-guides/corporate-ma-2025/india/trends-and-developments
[24] https://legal.economictimes.indiatimes.com/news/corporate-business/indias-ma-activity-soars-as-regulatory-reforms-inspire-investor-confidence-insights-from-zia-mody/121413589
[25] https://www.india-briefing.com/news/cross-border-ma-in-india-2024-market-and-regulatory-updates-34873.html/
[26] https://www.axios.com/2020/04/20/stx-entertainment-merge-eros-international
[27] https://www.automotiveworld.com/news-releases/schaeffler-successfully-completes-merger-of-indian-entities/
[28] https://www.ndtvprofit.com/business/air-india-vistara-merger-airline-tata-sons-n-chandrasekaran

## Conclusion: Future of M&A in India

In the first half of 2025, India's mergers and acquisitions (M&A) landscape remained relatively stable, holding firm despite global economic challenges and domestic policy uncertainties. However, the introduction of new tariffs on Indian exports, effective from early August, has brought fresh concerns to the country's trade outlook. Even so, India continues to pursue comprehensive and balanced trade agreements, with a clear emphasis on safeguarding critical sectors like MSMEs, agriculture, and services.

**Upcoming trends: Digital Mergers, Startup Acquisitions, and Green Energy collaborations.**

- **Digital/Tech M&A**- Despite stricter rules, there is still a lot of deal activity, particularly in the fields of AI, SaaS, cloud, and cybersecurity. To improve their digital skills, well-established companies are focusing on niche tech players.

- **Startup Acquisitions**- Corporates and private equity firms are becoming more interested in scalable mid- to late-stage companies, with a concentration on partial stake deals, bolt-on acquisitions, and acqui-hires.

- **Green/Energy M&A**- Traditional players are purchasing renewable, storage, and hydrogen assets to create integrated clean energy platforms as the energy transformation continues to propel significant acquisitions.

**Policy reforms and ease of doing business**

- The adoption of digital platforms such as MCA21, GSTN, and single-window clearance systems has helped streamline compliance processes, cutting down on bureaucratic delays in merger approvals and due diligence.

- India has established itself as a major location for technology-led mergers and acquisitions because of its encouraging startup culture and programs like Digital India.

- The Ministry of Corporate Affairs has made it possible for several company classes, particularly startups and small businesses, to merge more quickly. Section 233 of the Companies Act, 2013, read with Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, provides a fast-track merger process for specified classes of companies, bypassing NCLT approval and other procedural requirements

- Foreign investment and cross-border mergers have been boosted by the liberalization of FDI regulations, like Foreign Exchange Management (Non-debt Instruments) Rules, in important industries including insurance, telecom, and defence. Global companies are entering the Indian market through strategic acquisitions because of initiatives like "Make in India" and PLI programs.

The continuous focus on regulatory changes and ease of doing business will be crucial in drawing in both domestic and foreign merger and acquisition activity as India moves closer to being a global investment hub. All of these trends point to a bright future for the M&A market in India.