The Akhil Bharatiya Sanskrit Sahitya Sammelan established a Sanskrit Vidyapeetha at Delhi on the auspicious day of Vijaya Dashmi on the 8th of October 1962 and appointed Dr. Mandan Mishra as the officer on-Special-Duty and the Director of the Vidyapeetha. In accordance with the decision of the Sammelan, a separate Society under the name of Akhil Bharatiya Sanskrit Vidyapeetha was established with the late Prime Minister Shri Lal Bahadur Shastri as its Founder President. The inspiration and guidance of Late Shri Shastriji had been the impetus for the development of this Vidyapeetha. Shastriji in his capacity as the Prime Minister of India declared to develop this Vidyapeetha as an International Institution.

After the death of Shastriji, the Late Prime Minister Smt. Indira Gandhi accepted the Presidentship of the Vidyapeetha and declared on the 2nd October 1966 that the Vidyapeetha would henceforth be known as Shri Lal Bahadur Shastri Rashtriya Sanskrit Vidyapeetha. On 1st April, 1967, the Vidyapeetha was taken over by the Government of India and on the 21st December 1970, it became a constituent of the Rashtriya Sanskrit Sansthan, a registered autonomous Society and was named as Shri Lal Bahadur Shastri Kendriya Sanskrit Vidyapeetha. Impressed by its performance and the all round developments, the Government of India, in March 1983 mooted a proposal to confer the status of Deemed to be University on this Vidyapeetha along with the Kendriya Sanskrit Vidyapeetha, Tirupati. Finally, after the necessary inspection and other formalities, the Government of India on the recommendations of the University Grants Commision, granted the status of a Deemed to be University to the Vidyapeetha in November 1987.

Prior to this, on the recommendation of the University Grants Commision, a Society, independent of the Rashtriya Sanskrit Sansthan was registered under the Chairmanship of the former Human and Resource Minister, Hon'ble Shri P.V. Narasimha Rao in the name of Shri Lal Bahadur Shastri Rashtriya Sanskrit Vidyapeetha on the 20th January 1987. In 1989 Dr. Mandan Mishra was appointed as the first Vice-Chancellor of the Vidyapeetha. After the formal transfer of the movable and immovable properties followed by the transfer of the teaching and non-teaching staff, the Vidyapeetha became fully functional with effect from the 1st November 1991 as a Deemed to be University.