# RECONFIGURING THE GROUP INSOLVENCY FRAMEWORK UNDER IBC IN LIGHT OF IBC (AMENDMENT BILL) 2025: WHAT GUIDELINES UNDER SECTION 59A SHOULD ADDRESS, CHALLENGES AND WAY FORWARD

Tejbeer Singh, National Law Institute University, Bhopal

Ananya Jain, National Law Institute University, Bhopal

The proposed section 59A and Chapter IVA in the IBC (Amendment bill), 2025 provides for a group insolvency framework under the Indian Insolvency regime. Clause (2) of Section 59A provides that the Central government is empowered to give guidelines for the group insolvency framework. Explanation (a) defines control in a broad manner, including the right to appoint majority of directors or control management or appointment/control of key managerial personnel or to manage affairs or control decisions in any manner. Explanation (b) further provides that 'group' means two or more companies interconnected by 'control' or 'significant beneficial ownership'. This clearly implies that due to this broad definition, the third companies that might not be a debtor themselves but are connected to the corporate debtor, are open to insolvency applications under section 7 and section 9 of the code. In light of the proposed bill, the article will first explore the need for a group insolvency framework, the factors essential for determining whether a company forms a part of the group for consolidation. Further piece will also highlight issues that might arise for the operational creditors in the group insolvency framework and how their claims need to be safeguarded, lastly the piece will try to suggest some procedural safeguards that need to be incorporated by the Central government under S. 59A(2) of the bill, to make sure that the framework is robust and is not abused to defeat the objectives of the insolvency framework.

**The Need for a Group Insolvency Framework.**

Corporate insolvency law in India has historically been structured around the resolution of individual corporate debtors, with CIRPs operating on an entity-by-entity basis, which increasingly fails to reflect the way contemporary business operates. Modern enterprises often operate through corporate groups, with different companies performing distinct but interdependent functions. Operational and financial connections between the companies, such as shared assets and inter-corporate guarantees, often mean that group companies function as single economic entity. In such cases, treating each company of the group as a single debtor during the process of insolvency resolution may lead to value destructive outcomes, and fragmentation of business operations, thereby undermining the core objectives of the Insolvency and Bankruptcy Code, 2016 which emphasises value maximisation and recovery.

Group insolvency becomes necessary in such circumstances as it allows for a coordinated approach enabling the adjudicating authority and creditors to assess the viability of the group companies. The need for coordinated approach is discussed in Indian jurisprudence. In SBI v Videocon Industries ltd., the adjudicating authority stated that the lenders' application for consolidation of the companies of the Videocon group was rooted in the group's operational interdependence, co-obligor financing structure, cross-shareholding, and overlapping creditors, and that the lack of consolidation may lead to lesser value. The decision in this case highlights the practical importance of group insolvencies where the business operations and financial structure of group companies are closely intertwined, and insolvency resolution process of each entity would lead to fragmentation which not only increases procedural complexity and costs but also decreases the likelihood of successful resolution due to uncertainty regarding access to shared assets and group operations.

Multiple insolvency processes conducted independently for group companies can lead to issues such as conflicting timelines and orders of different benches, and duplication of administrative expenses. A coordinated group insolvency framework can address these concerns by enabling consistency in decision-making through a common bench and reducing inefficiencies arising due to parallel proceedings.

Despite the recognition of group insolvency concerns through judicial decisions, the Insolvency and Bankruptcy Code, 2016, did not until recently contain any statutory framework. As a result, group insolvency developed through case specific judicial directions. This ad hoc evolution created uncertainty and inconsistency in treatment of group insolvencies due to the absence of any statutory framework.

**Who Forms the part of a group?**

For purposes of a group insolvency regime, "group" must be understood not merely as a formal shareholding connection but as an enterprise-level nexus of control, ownership and economic interdependence that makes separate resolution value-destructive. UNCITRAL's work on enterprise groups and the doctrinal evolution in *SBI v. Videocon Industries Ltd.* together suggest that only those entities that effectively function as part of a single economic unit, or whose participation is necessary to achieve a viable group solution, should be drawn into group proceedings.

**UNCITRAL's conception of an enterprise group**

Part Three of the UNCITRAL Legislative Guide defines an "enterprise group" as "two or more enterprises that are interconnected by control or significant ownership," with "control" understood as the capacity, directly or indirectly, to determine the operating and financial policies of an enterprise.[1] This definition is deliberately broad and technology-neutral,[2] and expressly extends to complex structures involving subsidiaries, sub-subsidiaries, special purpose entities, joint ventures and similar vehicles, so long as they are engaged in economic activity and may be subject to insolvency law.[3] At the same time, the Guide emphasises that, even within such a group, each member remains a distinct legal entity and that powerful remedies such as substantive consolidation are to be used only in limited, exceptional circumstances.[4]

The Model Law on Enterprise Group Insolvency (MLEGI), which builds on Part Three, adopts the same core definition of an "enterprise group" as enterprises interconnected by control or significant ownership.[5] It then introduces the idea of a "planning proceeding"[6] in which only those group members that are "necessary and integral participants" in a group insolvency solution join the central proceeding, underscoring that mere group membership is not sufficient to justify inclusion in a group insolvency process.[7]

**UNCITRAL factors for drawing group members into a remedy**

UNCITRAL further indicates that when courts consider extending insolvency effects to related companies, especially through substantive consolidation, they should look beyond formal

[1] UNCITRAL, *Legislative Guide on Insolvency Law, Part Three: Treatment of Enterprise Groups in Insolvency* (United Nations 2012) < uncitral.un.org/sites/default/files/media-documents/uncitral/en/leg-guide-insol-part3-ebook-e.pdf> 2 accessed 24 January 2026.
[2] UNCITRAL, *Model Law on Enterprise Group Insolvency with Guide to Enactment* (United Nations 2012) <uncitral.un.org/sites/default/files/media-documents/uncitral/en/19-11346_mloegi.pdf> 2 accessed 24 January 2026.
[3] Legislative Guide (n 1) Ch I paras 6–8, 26–30.
[4] Legislative Guide (n 1) Ch I paras 1–2, 4–5.
[5] UNCITRAL Model Law on Enterprise Group Insolvency (adopted 18 December 2019) UNGA Res 74/184, UN Doc A/RES/74/184 art 2(b)–(c).
[6] UNCITRAL Model Law on Enterprise Group Insolvency (adopted 18 December 2019) UNGA Res 74/184, UN Doc A/RES/74/184 art 2(g).
[7] MLEGI Guide (n 2) art 18 paras 1–4.

ownership to functional and creditor-facing realities[8] Commentary building on the Legislative Guide identifies, among other things, (i) the extent to which administration, management and financial affairs of the companies are connected[9]; (ii) how the related company has dealt with creditors of the insolvent company and whether creditors treated them as a single economic entity[10]; and (iii) whether the related company's conduct contributed to the debtor's insolvency.[11] The Guide makes clear that pooling of assets and liabilities (substantive consolidation) should be confined to cases where the affairs and assets of group members are so commingled that disentangling ownership would be prohibitive in cost or delay,[12] or where consolidation is the only realistic way to address serious fraud. [13]

Transposed into a domestic group insolvency framework, these principles suggest that only those group entities whose management and finances are closely integrated, whose dealings have led creditors to rely on the group as a whole, or whose conduct has materially affected the debtor's insolvency, ought to be candidates for inclusion in group remedies.[14]

**SBI v Videocon: The Indian checklist**

The NCLT Mumbai in *SBI v. Videocon Industries Ltd.*[15] operationalised these ideas in the Indian context by recognising the doctrine of substantial consolidation and articulating a detailed, fact-sensitive test. Drawing heavily from US jurisprudence,[16] the tribunal relied on a fourteen-factor "check-list" at the prima facie stage, including common control, common directors, common assets, common liabilities, inter-dependence of companies, inter-lacing of finance, pooling of resources, co-existence for survival, intricate links between group entities, intertwined accounts, inter-looping of debts, singleness of economic unit, common financial creditors and the existence of a common group of corporate debtors.[17]

On this basis, the NCLT concluded that thirteen out of fifteen Videocon group companies effectively operated as a single economic enterprise,[18] and that separate CIRPs would destroy

[8] Legislative Guide (n 1) ch II paras 129–133.
[9] Legislative Guide (n 1) ch II para 129(a).
[10] Legislative Guide (n 1) ch II para 129(b).
[11] Legislative Guide (n 1) ch II para 129(d).
[12] Legislative Guide (n 1) ch II para 130.
[13] Legislative Guide (n 1) ch II para 130.
[14] MLEGI Guide (n 2) art 18 paras 57–60.
[15] *State Bank of India v Videocon Industries Ltd* (NCLT Mumbai Bench, 8 August 2019) CP (IB) No 02/MB/C-II/2018 <https://ibbi.gov.in/uploads/order/48cb50915c29188847ad3b13f7f6f3d6.pdf> accessed 27 January 2026 paras 1–5, 62–65 ('*Videocon Order'*) .
[16] *In re Augie/Restivo Baking Co Ltd* 860 F 2d 515 (2d Cir 1988).
[17] *In re Veve Associates* 110 BR 855 (Bankr D Puerto Rico 1990).
[18] *Videocon Order* (n 15) paras 72–80.

value,[19] justifying consolidation of their proceedings. *Videocon* establishes a two-stage test: first, whether the group companies satisfy enough of these indicators of economic unity; and secondly, whether consolidation would unfairly prejudice stakeholders, thereby limiting group treatment to cases where benefits outweigh detriments.[20]

**Synthesising criteria: who should be in the "group"?**

Read together, UNCITRAL's guidance and *Videocon*'s check-list support a multi-factor, functional test for identifying which companies should form part of the "group" in a group insolvency regime. At a minimum, a company should (a) fall within the broad umbrella of being interconnected by control or significant ownership, in line with Part Three of the Legislative Guide and MLEGI, and (b) exhibit a sufficient degree of operational and financial integration with the debtor such that separate proceedings would undermine value.

Concretely, this would capture: entities under common control or management with overlapping directors and centralised decision-making; companies whose assets, production functions or services are so inter-dependent that they "co-exist for survival"; group members bound into co-obligor or cross-guarantee structures, cash-pooling arrangements or systematically used as security for each other's borrowings; debtors sharing a largely common lender base which has priced and monitored them as a single credit risk; and situations where accounts and debts are deeply intertwined, making disentanglement impractical without major value loss. In such cases, the enterprise reality is that the relevant entities operate as one business, and coordinated or even consolidated treatment best serves value maximisation.

**Excluding peripheral and solvent entities**

Conversely, entities that satisfy only the formal definition of group, through shareholding or family control, but lack significant operational or financial interdependence, or which creditors have consistently treated as distinct risks,[21] should presumptively remain outside the core group insolvency solution.[22] For such companies, UNCITRAL envisages lighter-touch mechanisms, such as procedural coordination,[23] information-sharing and court-to-court cooperation, which respect separate legal identity while avoiding inconsistent outcomes. This approach also aligns

[19] *Videocon Order* (n 15) paras 81–85.
[20] Harshit Agrawal, 'Videocon Case: The Doctrine of Substantial Consolidation' (IndiaCorpLaw Blog, 18 August 2019) <https://indiacorplaw.in/2019/08/19/videocon-case-doctrine-substantial-consolidation/> accessed 27 January 2026.
[21] Legislative Guide (n 1) ch II para 129(c).
[22] Legislative Guide (n 1) ch II paras 92–98.
[23] UNCITRAL Model Law on Enterprise Group Insolvency (adopted 18 December 2019, UNGA Res 74/184, UN Doc A/RES/74/184) arts 6–17 ('MLEGI').

with *Videocon*'s implicit caution that consolidation, and by extension inclusion in a tightly coordinated group process, must not become a routine tool to drag in healthy or peripherally connected entities simply because they belong to the same conglomerate.[24]

In normative terms, therefore, the "group" for purposes of a statutory group insolvency framework should consist of those companies that both fall within a control/ownership-based definition and, applying *Videocon*-style indicators and UNCITRAL's factors, are necessary and integral participants in any value-maximising solution for the distressed enterprise as a whole.

**securing rights of Operational Creditors in Group Insolvency.**

The Operational Creditors are already at a disadvantage under the current framework. There are multiple issues faced by them, some of which are as follows:

1. Firstly, considering the nature of transaction the OCs enter into with CD, they are largely unsecured creditors, lacking priority under waterfall mechanism.[25]
2. Secondly, this lower priority limits the amount that would be payable to them under section 30(2)(b)(i) and 30(2)(b)(ii), as the RP is mandated to follow the priority under section 53 while distributing the value of resolution plan, the amount available is not substantial to satisfy the amount of debt they are owed.[26]
3. Thirdly, there are high chances that the claims of the OCs are disputed at the time when CIRP commences, this in some cases leads to admission of the value of claims at notional value of Rs. 1, that exudes any practical recovery.[27]
4. These concerns are multiplied when there is a coordinated CIRP initiated against the group companies where the presence of inter-corporate guarantees is a high possibility, along with a wider pool of debts to satisfy, which leads to highly constrained chances of any practical recovery.

While, the OCs that have their claims certain still have some recovery under the group insolvency, the position of those creditors the debts of whom are disputed is most precarious. Therefore, it is recommended that the Resolution Professional be given power to summarily determine the value of disputed claims made by OCs if any in a group insolvency. Considering

[24] *Videocon Order* (n 15) paras 72–80, 89.
[25] Insolvency and Bankruptcy Code 2016 (no 31 of 2016) s 53(1)(f).
[26] *Jaypee Kensington Boulevard Apartments Welfare Association v NBCC (India) Ltd* (2021) 4 SCC 763.
[27] *Mobilox Innovations Pvt Ltd v Kirusa Software Pvt Ltd* (2017) 5 SCC 146.

the fact that broader considerations based on equity and financial health govern the approach of courts in group insolvency, it needs to be made sure that Operational Creditors, especially those with contingent claims at the time of beginning of CIRP, have their claims at least summarily determined as done under Liquidation Process regulations. The reason for this safeguard is that OCs do not enjoy the inherent safeguards under the IBC as the FCs enjoy. This protection can even be extended to those FCs whose debt is disputed at the time of commencement of CIRP but is not substantial enough to be allowed to pursued independently under the discretion of NCLT.

**A proposed distribution formula that cares for OCs**

Further, it is also suggested, in the group insolvency framework, that a certain minimum amount basis the percentage of total assets available for recovery (in case of liquidation) or the value of resolution plan (in cases where a resolution plan is submitted) be reserved for satisfying the claims of Operational creditors. This can be done by a simple methodology as highlighted below:

1. The total amount of debt owed to OCs can be calculated.
2. Then the total amount of debt owed to FCs and other creditors higher in priority can be looked at.
3. Then, if a resolution plan is submitted then, the total amount of debt that will be satisfied of the FCs and other creditors can be calculated.
4. After this, the percentage of the debt of FCs and other creditors that is satisfied can be calculated.
5. Thereafter, the same percentage of total amount owed to OCs can be calculated and proportionately reduced from the recovery amounts to FCs and other creditors in high priority so that OCs at least have the same proportional satisfaction of their claims.
6. Further, if there is no resolution plan submitted and companies are liquidated, the above methodology can be followed for all the creditors in clauses (b) to (c) of the section 53 of IBC. To ensure public good, the proportional deduction in wages and tax can be ignored and other values can be taken into consideration.

This formula proposed by us is only limited to a group insolvency regime. Because, as highlighted in other jurisdictions that allow for substantive consolidation of proceedings equity has been held to be an important consideration for group insolvency regime. Allowing proportional satisfaction to the extent of other creditors would make the whole process more equitable for a class of creditors that is largely overlooked even in the normal insolvency regime. While, the above argument can also be made for the normal proceedings under IBC too, the focus of this paper was on group insolvency and considering the uncertainty around recovery of debts for OCs and their numbers in a group insolvency, the equitous distribution seems a plausible remedy that these creditors can be ensured. This adoption in group insolvency would not require any other amendment in IBC and a simple provision with respect to that can be made in the regulations framed by government.

**The Initiation Dilemma: The Case for a Joint Application**

Since the stage at which the determination of a group structure might be done is not provided in the bill itself, it is recommended that requisite clarification be issued in this regard.[28] Reading of section 59A of the bill makes one think that separate initiation applications must have been filed under section 7[29] or section 9[30] of the IBC for initiation of group insolvency. This might not be practical considering that the creditor would be independently establishing the existence of debt and its default with respect to two companies of the same group with which he might be in a different legal position altogether. For instance, a loan to one company of a group may have been secured by the charge on the property of another company which is a part of the same group. Here, though the creditor has faced default from the first company he would naturally desire to initiate insolvency against the other company due to a charge on the property which would impact its position in Section 53 of the code[31] under waterfall mechanism. This is just one example to show the issues that might arise in the present state of affairs. Therefore, it is suggested that the government clarifies the procedure to be followed by the creditor to file an application to initiate insolvency against a group company under Section 7. This can be done either by permitting filling of a common application or allowing the creditor to file an interim application for group insolvency after the primary application under section 7 and section 9 has been already filed. The NCLT can decide on whether the other company forms a part of group or not and whether the insolvency needs to be initiated against the other company of the group at the stage of hearing of section 7 or section 9 applications itself so as to deter delays and laches in the insolvency proceedings. This safeguard is not supposed to viewed as a bar to later consolidation of proceedings even after commencement of CIRP, but as a

[28] The Insolvency and Bankruptcy Code (Amendment) Bill, 2025 (no 107 of 2025) s. 59A.
[29] Insolvency and Bankruptcy Code 2016 (no 31 of 2016) s 7.
[30] Insolvency and Bankruptcy Code 2016 (no 31 of 2016) s 9.
[31] Insolvency and Bankruptcy Code 2016 (no 31 of 2016) s 53.

preferred alternative being made available to the creditors at the early stage itself to avoid unnecessary delays after the commencement of CIRP.

Additionally, NCLT can exercise the discretion to refuse consolidation post CIRP commencement, if it appears that creditor could have filed a joint application considering the nature and structure of financing transaction but failed to do so. As an added safeguard NCLT can be given discretion to invite applications for consolidation at pre-commencement stage itself if the facts of the case give sufficient basis for NCLT to reasonably infer that group insolvency can be commenced at a later stage. Though larger equities in the case may govern the discretion of NCLT, it is suggested where grave prejudice is not caused to creditors and the financial health of the group companies is stable, post-commencement consolidation applications must be viewed with circumspection.

**Curbing Misuse: Why Higher Debt Thresholds are Necessary**

Another issue might arise due to the proposed framework, due to requirement of relaxed locus for the financial creditors under section 7, that permits any other financial creditor to initiate insolvency. This needs to be capped by putting a limit on the amount of debt that needs to be owed so as to avoid targeted initiation of insolvency proceedings against a group company. This can be determined on the basis of the minimum amount for initiation of insolvency by the as provided in the code. The thresholds can be augmented separately contingent on the fact whether the insolvency application is being filed by the primary financial creditor or a third financial creditor to whom debt is not owed directly. It is to be kept in mind that this threshold should not be made applicable where the creditor does not exercise the right to file a joint application, in which case the only choice creditor would have is to go for consolidation post commencement of CIRP, which as suggested earlier should be viewed with circumspection by AA to avoid frivolous applications.

However, this amount needs to be higher from the current limit of 1cr[32] due to the relaxed locus for initiation of insolvency by financial creditors under IBC, potential of misuse against the group companies or cases of simple misjudgment of the options available to the financial institutions. For instance, this issue might be pertinent in cases where the lenders might be acting under an inter-creditor agreement, pursuant to the RBI's Prudential Framework for Resolution of stressed assets[33] where under the banks act in pursuance of a resolution plan

[32] Insolvency and Bankruptcy Code 2016 (no 31 of 2016) s 4.
[33] Reserve Bank of India, 'Prudential Framework for Resolution of Stressed Assets' (Notification, 12 February 2018) <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11580&Mode=0> accessed 03 February 2026.

which they have agreed upon among themselves, this clearly leads to a situation where the insolvency proceedings might be initiated against a group company which is connected to an insolvent company. Due to the broad perilous consequence this might have on solvent members of a group, the threshold needs to be higher because the original limit of 1 Cr was meant for a single economic entity.

Also, an exception to the above limits can be drawn in favour of the creditors who are secured, for this class the initial limit of 1 Cr can be sustained. This is primarily due to the fact that inter-corporate guarantees are a modern-day reality wherein the debts owed by the one company are secured against the property of a group company.[34] If this amount is substantially high, insolvency application against the group company can be allowed to be sustained because, this would directly impact the position and rights of the creditor in waterfall mechanism and section 30 of the code that permits creditors with the security interest to take an exit.

Additionally, the limit of 1 Cr can be made higher for Operational creditors because these creditors are not interested in the financial well-being of the company and are focused on repayment of their due amounts of goods and services provided by them. These suggested safeguards would enable balancing of creditors and the debtors across spectrum ensuring that the interests of stakeholders are aptly addressed and protected.

**Gatekeeping Power: Empowering the NCLT with Discretion**

Further, beyond an initial limit, the adjudicating authority can be given discretion to admit or reject the application basis the amount of debt owed by the company and whether the companies of the group have the requisite financials to repay the loan. The concern was highlighted by the SC in Vidarbha Industries v Axis Bank Ltd.[35] Though, the judgment was clarified to be on the facts of the case in M Suresh Reddy v Canara Bank & Ors.[36] where the SC reiterated that the debt and its default are sufficient to trigger the admission of application under section 7 of the IBC. The judgment in *M Suresh Reddy* cannot be held to apply in cases of initiation of insolvency against group company because of the simple reason that the initiation of insolvency against a group company merely on the basis of debt-default standard would open a Pandora-box, wherein the debts against a debtor would push even the healthy members of the group into insolvency which provide the primary financial buoyancy for

[34] Legislative Guide (n 1) ch I para 12.
[35] *Vidarbha Industries Power Ltd v Axis Bank Ltd* (2022) 8 SCC 352.
[36] *M Suresh Reddy v Canara Bank & Ors.* Civil Appeal NO. 7121 OF 2022 <ibbi.gov.in/uploads/order/2893b3b54695e586cf762779b63bf698.pdf> accessed 04 February 2026.

alleviating the stressed company. For, understanding the implications of the reading of section in such manner, the piece cited below can be read.[37] Additionally, beyond the limit imposed on OCs and third financial creditors, I propose that the NCLT can be given a wide discretion to dismiss the petition against the group company if the financials of the debtor company are sufficient to discharge the liability of OCs and FCs primarily.

**The Arbitration Conundrum**

The tribunal needs to be circumspect while admitting application of insolvency against a group company, when the third company is a part of a pending arbitration proceeding specifically. This is due to the fact that the current jurisprudence as reflected in NCLAT's Judgment in ***Century Aluminium Company Limited v. Religare Finvest Limited (2024)***[38] provides that the pendency of arbitration proceeding is not a bar to admission of application under section 7 of the IBC. This is an imaginable circumstance particularly in a scenario where inter-corporate loans are secured against the assets of a group company which is not a debtor. This is a catch-22 situation for the lawmakers as the necessary implication of a group insolvency regime is to open these third companies to admission under section 7 of the code. If these third companies are not admitted under section 7, as pointed out above, the very object of the proposed scheme would fall on its face.

Therefore, as highlighted above, the initiation of insolvency against a third company is possible considering the scheme of group insolvency proposed under the bill. Considering the fact that third parties can be impleaded in an arbitration pursuant to *Cox and Kings v. SAP India*,[39] the insolvency applications might become a way to side-step the pending arbitration proceedings by initiating proceedings under IBC. This would be a disastrous consequence as that would defeat the objectives of both IBC and Arbitration Act. The Central government needs to pay specific attention to this circumstance wherein the admission of insolvency application needs to be stayed till the arbitration proceedings are concluded and award is given. The discretion to stay would be exercised basis the amount of the debt that is disputed, its impact on the financial health and nature of creditors to whom it is owed. This would be in light of the objectives of both Arbitration and Insolvency act as the arbitration is a time-bound process as

[37] Tejbeer Singh and Ryan Bang, 'Mandatory Admission of Section 7 Application: A Step in the Wrong Direction?' (The Corporate and Commercial Law Review, 12 January 2026) <https://www.tcclr.com/post/mandatory-admission-of-section-7-application-a-step-in-the-wrong-direction> accessed 04 February 2026.

[38] *Century Aluminium Company Limited v. Religare Finvest Limited* 2024 SCC ONLINE NCLAT 1242.

[39] *Cox and Kings v. SAP India* 2023 INSC 1051.

provided for in the Arbitration Act itself. The award can be the basis of the initiation of insolvency against the group company and would also preserve the interest of the creditors while making sure that the group companies are not forced into insolvency proceedings just to bypass their contractual obligation to settle the disputes via arbitration.

## Conclusion

In this article, we have argued that the proposed group insolvency framework under section 59A of the IBC (Amendment Bill) 2025 is a necessary and timely intervention, but one that requires careful calibration if it is to resolve complex group distress without destabilising solvent entities or sacrificing weaker stakeholders at the altar of efficiency. Starting from the reality that Indian corporate practice is organised around groups rather than stand-alone entities, we have shown that an entity-by-entity CIRP architecture is structurally misaligned with contemporary financing structures, inter-corporate guarantees and operational integration. A legislative move towards group treatment is therefore normatively justified; the question is how far such a framework should go, and with what safeguards.

Our first claim has been that the concept of "group" in section 59A must be read and operationalised through the lens of UNCITRAL's enterprise-group standards and *SBI v Videocon*. Rather than treating "control" or "significant beneficial ownership" as self-executing triggers, we have argued for a functional, multi-factor test grounded in operational and financial interdependence, creditor-facing conduct and, in extreme cases, commingling of affairs. On this view, only those companies that in substance operate as part of a single economic unit, or are necessary and integral to any viable group solution, should be drawn into coordinated or consolidated proceedings, while peripheral or merely affiliated entities should be dealt with through lighter-touch tools such as coordination, information-sharing and court-to-court cooperation.

Secondly, we have sought to recalibrate the position of operational creditors within the design of group insolvency. The paper has highlighted that OCs are already structurally disadvantaged under the Code's priority and minimum-payment rules, and that the aggregation of claims and inter-corporate guarantees in a group setting can make their effective recovery even more tenuous. To respond to this, we have proposed two linked safeguards: conferring on the resolution professional an express power to summarily value disputed or contingent OC (and small FC) claims in group cases, and mandating a proportional-recovery floor for OCs that mirrors the percentage recovery of higher-priority creditors out of resolution value or liquidation proceeds. Importantly, these measures can be implemented through delegated legislation under section 59A(2) and existing regulations, without reopening the core structure of the Code.

Thirdly, we have addressed the procedural architecture of initiating group insolvency. The Bill's silence on the stage and form in which group structure is to be determined risks pushing creditors towards multiple independent section 7/9 filings, followed by ad hoc consolidation requests. We have suggested that the government, guided by the CBIRC report and *Videocon*, should clarify that creditors may either file a joint application against multiple group debtors or append an interim group-insolvency plea to a primary application, with the NCLT deciding group membership at the admission stage itself. Read with higher, differentiated thresholds for third-party and operational creditors, a nuanced exception for secured creditors exposed via inter-corporate guarantees, and a clear power in the NCLT to refuse belated consolidation where joint filing was feasible, this would embed ex ante gatekeeping into the framework rather than relying solely on ex post judicial discretion.

Finally, we have engaged with edge-cases where group insolvency interacts with arbitral proceedings and the evolving Supreme Court jurisprudence on section 7. We have argued that, particularly for solvent group entities or entities already party to time-bound arbitrations, the admission standard under section 7 must be applied with heightened circumspection in group contexts, to avoid insolvency being used to bypass bargained-for dispute-resolution or to drag healthy anchors of a group into distress. Here, the solution we propose is not to blunt group insolvency, but to empower the NCLT to stay or sequence proceedings, and to refuse consolidation where doing so would inflict disproportionate prejudice relative to the incremental value gained.

Taken together, these recommendations sketch a framework in which group insolvency under section 59A is both usable and disciplined: it recognises the enterprise-level nature of modern business, borrows the best of UNCITRAL and *Videocon* in defining the "group," builds specific protections for operational and weaker creditors into the heart of the regime, and equips the NCLT with principled tools to police initiation, consolidation and interaction with arbitration. If implemented with these safeguards, the group insolvency framework can move from being a potentially blunt instrument to a targeted mechanism that advances the Code's twin goals of value maximisation and equitable treatment, without sacrificing the stability of solvent group members or the integrity of contractual bargains.