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REAL ASSET TOKENIZATION: TRANSFORMING PROPERTY AND INVESTOR PROTECTION LAWS IN INDIA WITH GLOBAL INSIGHTS

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Abstract

This development of the element of asset tokenization by distributed ledger technology is radically altering existing paradigms and property ownership, transfer of titles, and investor protection. The dissertation is a jurisprudential exploration of the deep friction inherent in the Indian legal system in adapting blockchain-based fractional ownership and the colonial-era property acts, namely, the Transfer of Property Act, 1882, and the Registration Act, 1908. At the same time as digital tokens provide unparalleled liquidity, democratization of high-value illiquid assets, and automated processing using smart contracts, their legality in rem is extremely fragile unless a full-scale statistical revision overhaul. The study critically discusses the recent regulatory interventions by the Securities and Exchange Board of India (SEBI) in the recent past, as best exemplified by the Small and Medium Real Estate Investment Trusts (SM REITs) framework with reference to understanding its effectiveness in reducing systemic risks, deterring regulatory arbitrage and shielding retail investors against backdrop of the historic collectivism of jurisprudence behind the Sahara and A comprehensive comparative study is made against progressive international regimes in order to put Indian framework in context. Regarding the case of Dubai International Financial Centre (DIFC) Digital Assets Law, 2024, and the judicial statements of the Republic of Singapore and the monetary authority of Singapore, Project Guardian, the philosophies of the legislations are extremely different. The analysis of the doctrines concludes that, although at present India follows a conservative institutional, yield-focused securities strategy, a more extensive implementation of digital resources into the decorative property law, possibly announced by the Asset Tokenisation (Regulation) Bill, 2026, is a pressing need to ensure the macroeconomic benefits of blockchain technology are achieved and market integrity maintained.

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Introduction

Now, the tokenization of real-world assets (RWAs) is one of the structural, macroeconomic changes the global financial markets have seen. It represents the paradigm shift of the distributed ledger technology (DLT) out of the hypothetical high-volatility province of cryptocurrencies towards the material representation of legally-established tokenized trends of real, income-generating assets. In tokenization, ownership, beneficial interest, or economic rights in a physical asset are represented by immutable cryptographic tokens issued on a blockchain network. In the past the real estate as an asset class has been illiquid with a high capital barrier to entry, an opaque valuation ratio and a paper-based title transfers that are strongly localized. In tokenizing these monolithic assets into tradable digitalized assets under self-executable smart contracts, the tokenization will open such assets to non-institutional and retail investors, at the same time offering real-time settlements, improved visibility, and an unchangeable audit trail.

Within the Indian legal system, though, overlaying real asset tokenization with the traditional property and securities law introduces significant multi-level doctrinal challenges. The property rights regime in India lies beneath physical documentation, sub-registrar jurisdiction, and hard-bound statutory formalities built up in the nineteenth century. As a result, the faveless, borderless transfer of digital tokens is thematically extreme in ontological terms against the procedural requirements of the Transfer of Property Act, 1882, and the Registration Act, 1908. In the absence of state-supported digitization of land records that is integrally connected to blockchain technology, there can be no perfecting of a legal title by smart contracts and token holders will be in a safety-net position of having contractual claims but not the even-tailed enforceable property rights.

At the same time, the growth of uncontrolled Fractional Ownership Platforms (FOPs) before 2024 revealed weak points in the system of investor protection in India. These markets were able to use extensive corporate veils including, in many cases, special purpose vehicles (SPVs) that issued compulsorily convertible debentures and deposited them to the regulator to flout the scrutiny of regulation. This stirred our historical memories of colossal corporate frauds of disguised collective investment plans, causing acute regulatory fear.

Understanding that a drastic paradigm shift is needed to reconcile these serious regulatory gaps, the Securities and Exchange Board of India (SEBI) came forward and initiated a paradigm shift

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by informing amendments to the Real Estate Investment Trusts (REIT) Regulations in 2024, officially introducing the Small and Medium REITs (SM REITs) model. At the same time, policymaking circles have begun the debate on potential legislation concerning the possible creation of specialised digital asset laws, with the introduction of the Asset Tokenisation (Regulation) Bill, 2026, in the Rajya Sabha, in the hope of establishing a centralised statutory framework on the issuance, trading, maintenance, and settlement of tokenized assets. However, underlying issues of whether the legal nature of digital tokens is actionable claims, actionable intangible property or pure securities are also contested and toughly debated in the Indian jurisprudence.

Statement of Problem & Objectives

Fundamental legal issue of this study is that the existing, archaic system of transfer of property in India, where everything is paper-based, is sharply out of synchronization with the environment of decentralization, automatization, and globalization inherent in the blockchain-based tokenization of assets. Conventional real estate deals involve duly stamped and physically registered instruments signed by qualified parties to effectively transfer the title in rem. Such statutory formalities cannot be fulfilled by smart contracts alone even with its cryptographic security and mathematical certainty under the existing Indian law. Moreover, the absence of a Uniform law on digital tokens opens up a very profitable and dangerous regulatory arbitrage, as there are no specific guidelines on how to categorize them, so any particular business would be operating at the regulatory vortex between the Real Estate (Regulation and Development) Act, 2016 (RERA) and strict Securities laws, applicable to financial instruments.

The precise aims of this dissertation are four: First, to critically examine the legal restrictions of the Transfer of property Act of 1882, registration act of 1908 and the information technology Act of 2000 in the facilitation of smart contacts and the transfer of tokens associated with the transfer of property. Second, to effectively review the SM REITs structure used by SEBI as a leading method to protect the interests of investors, it is necessary to examine its structural conditions, on the one hand, with reference to judicial decisions related to collective investment schemes. Third, to examine the principle of dual ownership of Indian property law as a possible means of legal channel of organizing tokenized superstructures that are not of the underlying land titles. Fourth, to extract key comparative regulatory practices based on the well-developed legal requirements of the UAE (particularly the DIFC) and Singapore and feed and speed up possible legislative changes in India.

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Hypothesis

Current Indian property and investor protection regulations are incomplete when it comes to providing a wholesome regulation and fostering blockchain-based real asset tokenization. The existing regulatory framework will not be effective without the specific statutory measures to declare cryptographic tokens as legal key instruments of property transfer and title, and will continue to be disjointed and heavily dependent on the alternative method of securities-based SPV formations. This dependence paralyzes technological development, constrained the macroeconomic usefulness of blockchain, and cannot offer substantial, smooth-lined security against systemic scams and jurisdictive arbitrage.

Methodology

In this dissertation, one of the strict doctrinal legal research methodologies has been used to analyze the substantive laws of property and securities in India. The major methodology will be statutory interpretation of basis Indian laws such as the Transfer of Property Act, 1882, Indian Contract Act, 1872, the Registration Act, 1908, the Information Technology Act, 2000, and the Securities Contracts (Regulation) Act, 1956. The study carries out thorough research on the case law, critically discussing court decisions of the Supreme Court of India and other High Courts to establish how the jurisprudence has been changing concerning the doctrine of dual ownership and collective investment schemes.

The comparative legal framework is used to supplement the domestic doctrinal analysis. This includes regulatory framework analysis of recent statutory and judicial determinations of the Dubai International Financial Centre (DIFC), the Virtual Assets Regulatory Authority (VERA), as well as the Republic of Singapore (including the orders of the Monetary Authority of Singapore). The study combines these main sources with secondary academic views, law review articles, and expert legal commentaries to give a more subtle, holistic assessment of the current path that India is taking compared to major world economic centers that have taken the lead in specialized digital asset laws.

Chapter I: The Ontological and Statutory Paradox of Tokenized Real Estate in India

1.1 The Immovable Property Formalities: A Century-Old Constraint

The inherent difficulty with tokenization of real assets in India is the formalities, which are

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strict and well established in the past, required of alienation and conveyance of immovable property. Section 54 of Transfer of Property Act, 1882, specifies with no doubt that any sale of physical immovable property of value amounting to one hundred rupees and above can be transacted by a registered document only. This substantive rule is firmly strengthened by Section 17 of registration Act, 1908 that obliges registration of documents creating, asserting, assigning, restricting or quenching any right, title or interest in immovable property.

The underlying idea of these colonial-era laws was to curtail fraud, guarantee that ownership transfers are publicly reported, and create an effective and dependable state-managed catalogue of land titles. In its essence, tokenization aims to substitute the tedious nature of performing physical actions by smart contracts: automatically executed digital agreements, in which the conditions of the transaction are literally spelled out in immutable programming language on a blockchain. But the native Indian legal tradition of dependent on physical manifestation presents an ontological contradiction to entirely digital conveyances.

Although smart contracts have theoretical-but theoretically-only comparable treatment under Section 10 of the Indian Contract Act, 1872, i.e. where there is free consent, valid consideration (which theoretically could be cryptocurrency or fiat), and competence of participants, the explicit statutory carve-outs under Section 10 seriously limit their direct application to immovable property. The Information Technology (IT) Act, 2000 that forms the foundation of offering legal lengths to electronic records and the digital signature in India has a valid exclusion of the contracts involving the sale or transfer of immovable property through the First Schedule. In turn, a transfer of a token of direct, fee-simple legal ownership of land via a blockchain would not currently have the statutory compliance required to perfect a title in rem in Indian law.

Moreover, an impossibly large administrative challenge to decentralized token networks is the payment of state-specific stamp duty. According to the Indian Stamp Act, 1899 instruments that pass property rights are not exempt but they are stamped ad valorem before or during executing that is, during the execution of a form of property transfer. Since, due to the instantaneous transfer of tokens on decentralized networks, and the ability to trade such tokens peer-to-peer across borders, the stamp duty collected on secondary and tertiary transfers of tokens is a vital administrative gap. The direct tokenization of real estate in India does not have a legal basis unless the Statute is amended to recognize blockchain ledger records as legal equivalents to the physical records maintained by the Sub- Registrar. This statutory impediment compels the industry to discontinue direct property tokenization, and instead, turn to indirectly tokenizing by the means of corporate Special Purpose Vehicles (SPVs).

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1.2 Evidentiary Value of Smart Contracts and Digital Tokens

In cases where there will always be a dispute as to who will be the beneficiary of tokens, how automated rent will be distributed, or how the smart contract specifications have been violated, the admissibility of the blockchain records in the Indian courts is in the forefront. In regards to the admissibility of electronic records, the Indian Evidence Act, 1872, applies very strictly to the provisions of Section 65B. To be considered as evidence of a transaction, it follows that a blockchain ledger or smart contract code should meet the high standards of certification of Section 65B(4) that a certificate must name the electronic record, how it was produced exactly, and provide details of the device or system used.

Since the ideally decentralized, leaderless nature of public blockchains, as in the case of Ethereum, places no particular person or system in charge, determining some single, authoritative system administrator or person to effectively issue a legally binding Section 65B certificate is a highly novel procedural challenge. Nevertheless, the majority of institutional tokenization real estate systems in India use their infrastructure on either private permissioned or public permissioned ledgers. These settings have a hub sponsor, investment manager, or tech-provider who has administrative control over the node infrastructure. Such parties can thus produce the necessary certificates, such that smart contract deployments, history of tokens, and unalterable audit trails can be used as evidence of actual contract fulfillment, intent, and in good faith ownership in Indian courts. Although this recognition as evidence of a contract (in personam) recognised by the law is admissible, it does not render the token a title deed (in rem).

1.3 The Legal Status and Taxation of Virtual Digital Assets

To make the situation in the property law even more painful is the extremely unclear legal position of the token itself. In the Internet and Mobile Association of India v. Reserve Bank of India (2020) case, the Supreme Court of India noted that in the legal systems of India virtual digital assets are not defined with an exact and precise definition. The Court mentioned that these assets may be classified into goods, commodities, intangible assets or even currency, depending on the context.

Without a detailed scheme of digital asset governance, the Indian government has seen tokenization mostly in the restrictive prism of taxation and compliance with anti-money laundering. The Finance Act, 2022, has imposed a punishing tax legislation, which categorizes cryptocurrencies and tokens as Virtual Digital Assets (VDAs). Transfer of VDAs attracts a flat rate tax of 30 years without any deductions and a set-off against other income, alongside a 1%

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Tax Deducted at Source (TDS) on every transaction to track capital flows. If a real estate token is classified purely as a VDA rather than a security or a property right, this draconian tax structure effectively destroys the yield-generating appeal of tokenized real estate, negating the economic viability of fractional ownership.

Furthermore, the Ministry of Finance has mandated that entities dealing in VDAs must register with the Financial Intelligence Unit - India (FIU-IND) as reporting entities under the Prevention of Money Laundering Act (PMLA), imposing heavy compliance burdens regarding Know Your Customer (KYC) and suspicious transaction reporting. The intersection of these tax and compliance burdens underscores the urgent need for a regulatory classification that distinguishes asset-backed security tokens from speculative cryptocurrencies.

Chapter II: The Doctrine of Dual Ownership as a Legal Conduit

2.1 Rejecting Quicquid Plantatur Solo, Solo Cedit

As a way to avoid the immobilizations involved in the transfer of absolute land titles and land restrictions on agriculture, legal structuring of fractional ownership in India has progressively turned to the doctrine of property law, dual ownership. The property rights, as directed by the traditional English Common Law, are contained within the maxim quicquid plantatur solo, solo cedit where the dominant coverage fundamentally predetermined that property that is put on the land or on which it was fixed belongs to the soil. By this absolute rule, had there been any degree of token in India, a token of fractional title in any commercial building would necessarily involve transfer of the land underlying it, so as to occasion the full operation of the TPA and Registration Act bottlenecks.

But this universal rule is denied by Indian property jurisprudence. The Indian law is inherently aware that the physical land can be separated through the law as being the ownership of the physical land and the superstructure that is erected on it. The doctrine of dual ownership permits piece of land and building erected upon it to be owned by completely different entities, forming two independent, legally acknowledged property interests.

2.2 Judicial Affirmation: The Orissa and Karnataka Perspectives

Having recently been examined and reinforced critically by the Orissa High Court in the case of Nirmala Sahu v. Telecom Regulatory Authority of India (TRAI) and Ors, this critical doctrine was reinforced by the high court. (2025). The controversy was between a mobile telecom tower that is installed on a land owned by the petitioner by a lessee. The landowner was contesting the order when the lessee defaulted and the structure on her land was mandated

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to be removed, stating that the structure was hers. The Court clearly denied the complaint of the landowner, who defined her complain damnum sine injuria (damage without legal injury). This Court made it clear that on the doctrine of dual ownership, the lessor is in complete control to be absolute owner of the land but the lessee is the actual and legal owner of any building erected in good faith on the land. The Court underlined that the vinculum juris (legal bond) established by the lease deed, rather than physical annexation to the soil, ruled the legal relationship.

This view is in congruence with convergent principles laid down by the Karnataka High Court in the case of Mrs Prema v. Diocese of Mangalore and it held that there is dual ownership as pertains to the land and the building and that sale of an undivided part of the superstructure, wholly independent of the land, is lawful and liable to a different stamp duty consideration.

2.3 Application to Tokenization Structuring

In the case of the real estate tokenization business, the dual ownership doctrine presents a crucial basis of revolutionary, legal compliant property forms. An SPV can be created by a real estate developer or a Fractional Ownership Platform, which leases underlying land, on a long-term basis (e.g., a 99-year lease). The platform can then tokenize on its own the economic rights, cash flows and ownership over the commercial superstructure constructed over that leased land.

The issued tokens are a fraction of the revenue stream and capital gains in the underlying agreements by making clear ownership clauses, maintenance obligations, and termination rights in the underlying agreements. This harshly alleviates regulatory pressure, since it avoids the intricate regulatory licenses, agricultural land capping, or tough foreign exchange (FEMA) regulations that come with the retransference of the underlying soil to a varied group of retail or non-resident token owners. Therefore, the dual ownership doctrine offers the jurisprudential tool with which real asset tokenization can operate within frame of existing Indian property law.

Chapter III: Investor Protection and the Securities Law Paradigm: From FOPs to SM REITs

3.1 The Pre-2024 Landscape: Unregulated FOPs and Investor Vulnerability

Before the controls of 2024, there was a colossal expansion of web-based Fractional Ownership Platforms (FOPs) like Property Share, Strata, and hBits, in India. These offered co-owning

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high-value, Grade-A, commercial properties to retail and high net worth investors with minimum ticket prices of INR 10 lakh to INR 25 lakh. These FOPs operated in an absolute regulatory vacuum, with each such structure being a highly complicated form of corporation, most commonly either in the form of unlisted securities, compulsorily convertible debentures, or as shares in private limited companies as SPVs to purchase the target properties.

The platforms themselves democratized commercial real estate access, but the unregulated environment created extreme systemic risks. These were glaring lack of transparency, absence of normal valuation standards, mismanipulations of related-party, and the extreme absence of exit liquidity, which made a non-institutional investor highly susceptible to mismanagement and cognitive disorders (the fear of missing out) and fraud. Since the SPVs were unquoted, the fractional shares could not be liquidated by buyers and sellers in a secondary market, and had to be entirely matched internally on proprietary engines provided by the platform.

3.2 SEBI's SM REITs Intervention (2024): Constructing the Guardrails

To institutionalize this booming industry in a proactive and obligatory step to safeguard the investor, SEBI published a consultation document in May 2023 which would see the amendment of the SEBI (Real Estate Investment Trusts) Regulations, 2014 in March 2024. In this amendment, the framework of the Small and Medium Real Estate Investment Trusts (SM REITs) was officially introduced and in effect FOPs fell within the strict regulatory perimeter of SEBI.

The SM REIT structure sets strict structural, governance and operational requirements that are meant to ensure investor protection and integrity in the market.

Structured Data: Comparative Analysis of Mainboard REITs vs. SM REITs

Regulatory Parameter	Mainboard REITs	Small and Medium REITs (SM REITs)
Minimum Asset Size	INR 500 Crores	INR 50 Crores
Maximum Asset Size	No Upper Limit	INR 500 Crores
Minimum Investment Ticket	No specific mandate (varies by exchange lot)	INR 10 Lakhs (multiples thereof)
Asset Structure	Single pool of assets; commingled risk.	Multiple independent schemes; strict ring-fencing.
Sponsor "Skin-in-the-game"	Mandated minimum holding	5% to 15% holding required

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Regulatory Parameter	Mainboard REITs	Small and Medium REITs (SM REITs)
	percentages.	for 3 years post-listing.
Debt / Leverage	Permitted within statutory limits.	Strictly Prohibited; purely equity-based.
Asset Allocation Rule	80% completed/rent-yielding assets.	95% completed/rent-yielding assets (95/5 Rule).

SEBI stipulates that to have professional management and eliminate the conflicts of interest the Sponsor shall have a minimum net worth of INR 20 crores (INR 10 crores of which is highly liquid funds) and must have at least five years of proven experience in the real estate field. Most importantly, SM REIT structure is a response to the danger of asset commingling that spilled over into the FOP era. Unlike conventional REITs, which are a big single pool of assets, an SM REIT will be able to introduce a variety of different schemes, which is characteristic of mutual funds. SEBI requires the segregation and ring-fencing of assets; physical assets, bank accounts, demat accounts of one scheme should be kept completely apart from others. It should be owned as of right, and exclusively, by wholly-owned SPV, and not through any twisted joint ownership arrangements that in the past had obscured any clarity of titles and raised the issue of resolution in case of dispute.

Furthermore, related-party transactions are heavily restricted. A real estate developer acting as an Investment Manager cannot transfer their own unsold inventory to the SM REIT, ensuring the acquisition of genuine third-party assets at fair, independently audited market valuations. SEBI also implemented a rigid "95/5 rule." The framework dictates that 95% of a scheme's assets must be invested exclusively in completed, rent-yielding real estate, leaving only 5% in liquid assets. SM REITs are explicitly prohibited from leveraging the portfolio through debt, confining the model purely to equity-based growth to protect retail investors from insolvency risks.

3.3 The Collective Investment Scheme (CIS) Doctrine: Sahara and PACL

The conversion of SM to REITs is not just a few upgrades option on any fractional platform; it is a legal stable but to which the SEBI has taken a proactive position against the Collective Investment Scheme (CIS). A CIS is any scheme or arrangement, under which investor contributions are aggregated together in form of a property with the objective of earning profits,

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income or property, and the property is administered on behalf of the investors who do not establish day-to-day control in the running and functioning of the scheme; under Section 11AA of the SEBI Act, 1992.

This definition, the Indian counterpart to the American Howey Test, provides that a given instrument is a security by qualifying that there is an investment of money in a common enterprise and expectation of profits by way of primarily managerial activities of a third party. Fractional ownership which is tokenized is the ideal solution to all three limbs of this test.

Two of the most important corporate-level enforcement actions in Indian history - the Supreme Court ruling in SEBI v. PACL Ltd. and Sahara India Real Estate Corporation Ltd. v. SEBI - are well-informed by the jurisprudence surrounding CIS. In PACL, a huge collective investment venture was presented as a normal sale and purchase business of real estate, where the company was simply selling pieces of land to clients. The appellate tribunals and SEBI lifted this veil of incorporation, where they established that the millions of investors did not actually have any day-to-day direct control over the actual land but as a matter of fact had no control over the actual land but were at the mercy of PACL central management to develop the land and later make returns. This was contravened by regulations in CIS leading to an epic Supreme Court order to cease operations and reimburse billions of rupees.

A similar scenario can be seen in Sahara, where there were two unlisted companies that raised thousands of crores via Optionally Fully Convertible Debentures (OFCDs) alleging it is a private placements not under the jurisdiction of SEBI. The Supreme Court categorically declared instruments which were issued to over fifty persons, irrespective of whether the offering was a private placement, to be a public offering because of which the SEBI has absolute jurisdiction over and which have stringent disclosure obligations.

In contemporary tokenization, these precedents are a legal caveat. Attributes; token issuers or blockchain developers who are trying to circumvent the SM REIT framework and register their project under RERA only and issue yield-bearing digital tokens risk being deemed to be operating an unregistered CIS. The blockchain token is a decentralized technological wrapping, which has no effect on immunizing the underlying economic fact of the transaction against the sweeps popular of the enforcement powers of SEBI. A tokenized real estate that is simply uncontrolled is intrinsically the same as the self-declared pooling entities that were torn down in PACL and Sahara.

3.4 Critical Appraisal of the Regulatory Framework

Although the SM REIT construct is effective in the sense that it puts in place the required

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constitutional guardrails, critical legal scholars and industry players maintain that the SEBI approach can happen to put out the technological innovation that blockchain tokenization is. The barriers to entry, namely the INR 20 crore net worth requirement of Sponsors, are quite disproportionately favorable to the deep-pocketed, established financial institutions themselves, which may bar nimble, technology-first Web3 startups.

Also, the fixed 95/5 debt financing limit and the complete ban on debt financing crucially limit an SM REIT to its ability to respond to dynamic economic downturns or opportunity to exploit the giant capital gains potential of under-construction development projects. The regulations restrict the potential of smart contracts to transparently administer milestone-based funding and risk distribution of developmental real estate because they are limiting the ability of smart contracts to be "handcuffed" to the existing assets. The existing Indian system is solely concerned with tokenization as a conventional financial security and pays no attention to its potential as a programmable property management mechanism.

Chapter IV: Global Regulatory Insights – Singapore's Institutional and Judicial Architecture

A comparative analysis of the innovative international jurisdictions would be necessary to critically assess the course and the flaws of the regulatory framework in India. Republic of Singapore has also developed a highly favourable climate to the innovation of digital assets through a collaborative, institution-driven strategy complemented by an innovative common law jurisprudence.

4.1 MAS Project Guardian: Commercializing Wholesale Tokenization

An active measure, instead of just responding to the retailing of fractional ownership sites such as SEBI, the Monetary Authority of Singapore (MAS) has initiated a venture named Project Guardian in 2022. This is a joint venture aimed at commercializing asset tokenization in the field of fixed income, asset and wealth management, and foreign exchange in collaboration with global financial incumbents.

Project Guardian is a radical change to insulated regulatory sandboxes to production-scale, interoperable financial infrastructure. Collaborating with tier-one financial institutions, including J.P. Morgan (Kinexys), Franklin Templeton, Hamilton Lane, UBS, and State Street, Singapore has made it possible to tokenize live money market funds, Variable Capital Companies (e-VCC) as well as the first tokenized Shariah-compliant private credit fund in the

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world.

Singapore focuses on profound interoperability and operational resilience as opposed to restricting retail. The Global Layer 1 (GL1) shared-ledger, and BLOOM settlement network, are under this broad umbrella of innovation and work towards the creation of seamless, real-time cross-border settlement functionality which integrates with traditional banking rails and Swift messaging. In addition, the release of operational principles of tokenized funds by MAS gives asset managers and custodians a common, supported by the state framework of on-chain governance, Net Asset Value (NAV) calculation, investor onboarding, and compliance. This makes Singapore the world leader in institutional asset tokenization, in contrast to the retail-based, heavily-localized SM REIT model of India.

4.2 Property Classification via Common Law: ByBit v Ho Kai Xin

At the same time, the judiciary in Singapore has created modern, crypto-friendly jurisprudence that can go a long way in defining the property rights underpinning digital tokens. ByBit Fintech Ltd v Ho Kai Xin and Ors (2023) was a precedent case in which the General Division of the Singapore High Court affirmed that a cryptocurrency stablecoin (Tether/USDT) was legally recognized as a form of property (a chose in action), and could be placed on trust.

The factual matrix saw an employee that used her authority in control of payroll through Excel spreadsheets to fraudulently transfer millions of USDT directly to her secretly controlled cryptocurrency wallets. Defendants claimed that digital assets could not be considered property because they were incorporeal and physically manifested. Justice Philip Jeyaretnam firmly rejected this argument, recognizing that while digital assets cannot be possessed like a car or jewelry, they are definable, identifiable by modern humans, and have achieved general recognition as movable property on corporate balance sheets and under the Rules of Court 2021.

By declaring an institutional constructive trust over the misappropriated crypto assets, the Singapore High Court honored established equitable principles while adeptly modernizing them for incorporeal digital assets. This explicit judicial certainty surrounding the proprietary nature of tokens provides a secure bedrock for the tokenization of real-world assets. It stands in stark contrast to the profound legal ambiguity prevailing under Indian law, where the precise classification of digital tokens remains contested, and the Supreme Court has yet to grant them definitive status as actionable claims or trusts, leaving them vulnerable to punitive taxation as mere VDAs.

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Chapter V: Global Regulatory Insights – The UAE's Statutory Categorization

Singapore proceeds with digital asset regulation by engaging in common-law innovation in the form of collaborative wholesale pilot and moving nimbly, whilst the United Arab Emirates (UAE) has scaled its own giant with categorical innovation in statutory form. Under the Virtual Assets Regulatory Authority (VARA), the UAE functions under specialized free-trade zones; Dubai International Financial Centre (DIFC) and Abu Dhabi Global Market (ADGM) and on mainland Dubai, each with its own, highly sophisticated, digital asset rules.

5.1 DIFC Digital Assets Law No. 2 of 2024

The most significant change in legislation in this sphere globally happened in March 2024, as the DIFC implemented the Digital Assets Law (DIFC Law No. 2 of 2024). This pioneering act is generally known as the first law in any of the world that established in detail the legal properties of electronic assets as an issue of substantive property law, in place of regulating them as a financial service or security.

Going beyond the regulatory perimeter model that is present in India, the law of DIFC clearly paves the way in which interested parties can own, control, and transmit digital assets. It recognizes that tokens are not tangible but are accorded complete proprietary rights. At the same time the DIFC came up with a new Law of Security in direct emulation of the old 2005 law: the new Law of Security is based on the UNCITRAL Model Law on Secured Transactions. This amendment openly addresses the establishment, perfection, and execution of security interests over digital assets, aiding tokens that characterize real estate to be used without any issues as security in digital lending markets.

5.2 VARA and DLD Integration

The VARA of the mainland of Dubai is created by the Law No. 4 of 2022 and supplements this ecosystem as it is created to uphold certain Issuance Rules of the public token offerings. VARA regulates tokens which represent the direct investment income or equity of real estate as security tokens, and exposes them to strict disclosure, custody and investor suitability restraints, providing a controlled setting of the fractional ownership.

However, the UAE goes a step further than merely regulating SPVs. Listing properties in the region directly interconnects with the state administrative bodies. In the beginning of 2025, Dubai Land Department (DLD) released a pilot, called a Real Estate Tokenization Pilot, which is actively working on the tokenization of actual property title ownerships to the blockchain. The model used in Dubai is originally a technology-based one, trying to introduce a blockchain

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directly into a land registry of the state, India, in its turn, has a purely yield-based approach, with much dependence on traditional corporate trusts frameworks located entirely out of the land revenue departments of a state.

Structured Data: Global Regulatory Matrix for Real Asset Tokenization

Regulatory Parameter	India (SEBI / TPA)	Singapore (MAS / Common Law)	UAE (DIFC / VARA)
Primary Regulatory Focus	Institutionalization of retail fractional ownership via SM REITs. High compliance threshold.	Institutional fund tokenization; wholesale banking interoperability (Project Guardian).	Comprehensive property rights for digital assets; direct state registry integration.
Asset Classification	Treated as 'Securities' if yield-bearing; heavily taxed as 'Virtual Digital Assets' (VDAs).	Recognized by the High Court as property (*chose in action*) capable of trust holding.	Statutorily recognized as a distinct asset class under Property Law (DIFC Law No. 2 of 2024).
Property Law Integration	Highly Misaligned. Smart contracts cannot bypass the Registration Act and TPA physical mandates.	Supported by progressive judicial interpretations of trusts and property rights.	Highly Integrated. DLD actively participates in tokenizing property title deeds.
Investor Protection Vehicle	Ring-fenced SPVs under SEBI SM REITs; rigid 95/5 asset allocation rule.	Operational guidelines for tokenized funds; MAS regulatory sandbox frameworks.	VARA Issuance Rules; strict licensing requirements for Virtual Asset service providers.

Chapter VI: Future Pathways and The Asset Tokenisation (Regulation) Bill, 2026

Comparative Analysis indicates that India has managed effectively to establish an effective perimeter on the protection of investors through the SM REIT structures, but the substantive property laws that remain in place are far behind those that have been modernized by the UAE statutory and Singapore judicial nimbleness. But the Indian legislative environment is also exhibiting embryonic two-step signs to change.

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In the first ever attempt to legally recognize, regulate, and oversee asset tokenization in the country, the introduction of the Asset Tokenisation (Regulation) Bill, 2026, in the Rajya Sabha was the initial unifying measure to do so. The Bill is intended to establish a focused legal system of tokenized real-life asset issuance, trading, custody, and settlement. With its enactment, this law may address the ontological paradox by affirming that blockchain registers constitute a valid legal registry, effectively superseding physical limitations of the Registration Act, 1908, and the Information Technology Act, 2000, in the tokenized asset case.

Moreover, the different overlap of regulations between RERA and SEBI needs to be settled with an elaborate framework. Since tokens can move beyond pure securities to represent SPV share ownership to tokens that represent direct fractional ownership in particular apartments or commercial units, the role of RERA needs to be part of the tokenization lifecycle. This would require a regulatory framework that explicitly transports the jurisdiction of RERA in the area of physical property development into the jurisdiction of SEBI in capital pooling so as to avoid regulatory arbitrage and to have absolute legal certainty.

Lastly, taxation regime was draconian as stipulated by the Finance Act, 2022, which needs to be rationalized. The need to tax asset-backed real estate tokens like speculative cryptocurrencies in the 30% VDA tax bracket would pose an insurmountable economic cost. The tokens issued within the SM REIT framework are eligible to enjoy the current rates of capital gains tax- Long Term Capital Gains (LTCG) at 12.5% on holding longer than 12 months, and Short Term Capital Gains (STCG) at 20. Such unequal treatment of taxes sheds light on the necessity to present a cohesive taxonomy where tokens would be taxed according to the economic substance of the underlying asset, rather than its technological medium.

Conclusion

The doctrinal analysis of Indian real asset tokenization is very complex and highly fragmented with the high technology innovative development amid stagnant, colonial-era legal frameworks. The Transfer of Property Act and the Registration Act, whose foundations lie irrevocably in physical execution, localized geographic registration, and stamp duties individual to each state, have undergone the most profound changes the native, frictionless transfer of immovable property via smart contracts. This has forced the Indian real estate market to embrace indirect form of fractionalization, through a necessarily ingenious application of the common law doctrine of dual ownership, of the isolation of the commercial

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superstructure and the underlying soil, to circumvent statutory bottlenecks.

The decisive action by SEBI in the form of Small and Medium REITs framework is an important yet reactionary development in the protection of investors. SEBI has successfully neutralized the extreme systemic risk posed by unregulated Fractional Ownership Platforms, by codifying minimum net worth requirements, enforcing compulsive "skin-in-the-game" holdings, and extreme asset ring-fencing. Moreover, the strict enforcement of the collective investment scheme jurisprudence, inherited out of the PACL and Sahara case law, makes sure that token issuers are not able to evade financial regulation with the help of semantic gaps or technical vagueness.

Nevertheless, it is economically constraining as well as incomplete to regard tokenization solely through the prism of securities regulation. All that is needed to ensure that distributed ledger technology is maximally beneficial to the macroeconomy is statutory (as in the case of both Singapore and the DIFC) recognition of statutory support of digital assets under substantive property law. Although the SM REITs of India democratize the potential of the real estate to earn yields, the framework also implicitly restricts the programmable use of the blockchain to a simple capitalization table, neglecting the possible automated governance, decentralized lending, and real-time cross-border settlement of the blockchain.

Indian lawmakers need to bridge the huge gap between legal enforceability and technology capability in order to shift into a proactive rather than a reactive state of regulation worldwide. This necessitates comprehensive amendments to the Information Technology Act and the Registration Act to legally validate smart contract-based property conveyances, alongside the establishment of synchronized, state-backed digital land registries akin to the Dubai Land Department’s initiatives. Ultimately, the future viability of real asset tokenization in India depends not merely on erecting robust investor protection firewalls, but on the courage to modernize the very legal definition of property for the digital age.

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