

## India Updates Insolvency Rules to Protect NRIs in Property Purchases

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India has strengthened protections for Non-Resident Indian (NRI) investors in real estate through recent amendments to its insolvency regulations. The updates ensure that buyers who have paid in full for properties can take possession even if developers face financial distress, marking a major step toward safeguarding property investments in the country.

Previously, NRI investors often faced lengthy delays when developers became insolvent, sometimes waiting years for possession or resolution. The updated rules allow “resolution professionals,” with the approval of creditors, to hand over completed units to buyers while insolvency proceedings are ongoing. This measure aims to reduce uncertainty, providing investors with clearer outcomes and quicker access to their properties.

The amendments also introduce provisions for “group insolvency,” enabling coordinated resolution when multiple entities within a developer’s business group face financial difficulties. This approach is intended to preserve value, streamline processes, and improve the chances of successful project completion. Analysts note that these changes are likely to enhance investor confidence, particularly among NRIs, who represent a substantial segment of India’s real estate market.

However, the updated rules maintain a distinction for incomplete projects. If a developer’s project is unfinished at the time of insolvency, buyers do not receive immediate possession. Instead, a Committee of Creditors, which includes homebuyers, is tasked with formulating a resolution plan. Options may include appointing a new developer, completing the project through a hybrid model, or other strategies designed to ensure that construction continues while protecting investors’ interests.

These regulatory updates reflect broader efforts by Indian authorities to stabilize the property market and attract investment from the Indian diaspora. NRIs have historically played a major role in India’s real estate sector, particularly in urban centers, contributing significant capital for residential and commercial developments. Strengthened insolvency

protections are expected to make the market more transparent and secure, reducing risks associated with property investments abroad.

Industry experts highlight that the reforms could also have a ripple effect on domestic buyers, as the streamlined insolvency framework provides clearer processes for all stakeholders in distressed projects. By formalizing the rights of buyers and ensuring that resolution professionals have the authority to transfer completed units, the amendments reduce the potential for protracted disputes and legal challenges.

The government's initiative aligns with India's ongoing efforts to boost investor confidence and enhance the legal framework for property ownership. As the real estate market continues to evolve, these measures are likely to support greater participation from both domestic and international buyers. Observers anticipate that developers will also benefit from clearer guidelines and more structured insolvency processes, enabling a more predictable environment for completing projects.

In conclusion, the recent updates to India's insolvency rules represent a significant advance in protecting NRIs and other investors in the country's property market. By allowing possession of completed units during ongoing proceedings and introducing coordinated group resolutions, the amendments provide a more secure framework for property transactions. These changes reinforce India's commitment to investor protection, ensure greater predictability in real estate projects, and strengthen the country's appeal as a destination for both domestic and international property investment.