

# Infrastructure Investment Trusts (InvITs) in India



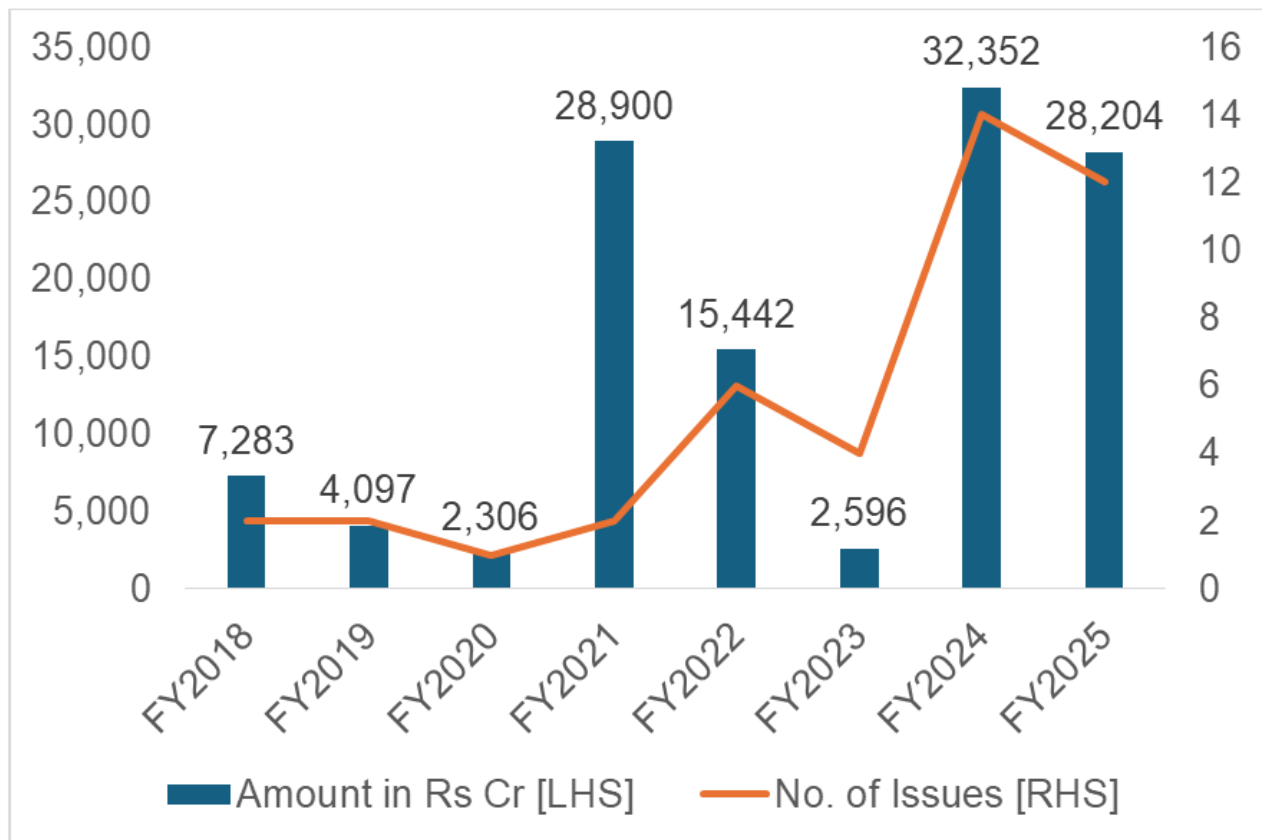
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## 1. The Product:

An Infrastructure Investment Trust is a SEBI-regulated pooled vehicle, structured as a trust under the Indian Trusts Act, 1882 and governed by the SEBI (Infrastructure Investment Trusts) Regulations, 2014. It holds completed, revenue-generating infrastructure — toll roads, power-transmission lines, gas pipelines, telecom fibre and warehousing — through a holding company / SPV layer, and passes the cash these assets generate to unitholders.<sup>1</sup> The framework separates the sponsor (which contributes assets), the investment manager (which runs the trust) and the trustee (which safeguards unitholder interest). InvITs are required to distribute at least 90% of net distributable cash flows, (at least once every six months in case of public and at least once a year in case of privately listed InvITs), and operate under leverage caps of 49% (which can go upto 70% if certain financial criteria are met) and mandatory independent valuation — a structure that converts illiquid, long-dated infrastructure into a transparent, yield-bearing security.

InvITs may be publicly listed or privately placed. As of date, the market comprises of 28 SEBI-registered InvITs holding roughly ₹7 lakh crore of assets under management across about 300 assets spread over two dozen states.

A series of reforms has widened the investor funnel. The 2024 tax changes cut the long-term holding period for units to 12 months from 36 months and the LTCG rate to 12.5%, while the minimum lot size for privately placed InvITs was reduced to ₹25 lakh.<sup>2</sup> In September 2025 SEBI reclassified REITs as equity for mutual-fund purposes while retaining InvITs in the hybrid bucket — a recognition that InvITs, being predominantly privately placed with stable contracted cash flows and lower liquidity, behave more like a debt-hybrid than equity.<sup>3</sup>



Invit Issuances each FY

## 2. Why InvITs Suit Pension Funds and the EPFO

The economics of an InvIT fit the liability profile of long-dated capital, i.e., pension funds and the EPFO who carry very long-dated, inflation-sensitive obligations and prefer predictable income over capital-gain or volatility in the portfolio. InvITs offer long-life assets under multi-decade concessions or regulated tariffs, contracted or availability-based revenues, mandated high cash distribution, and regulatory guardrails on leverage and governance.

Regulation Support: In its 2025 amendments SEBI broadened the definition of “strategic investor” —to allow *any* entity classified as a **Qualified Institutional Buyer (QIB)** to apply as a strategic investor., letting them anchor 5–25% of an issue ahead of a public offer<sup>4</sup> (previously pension funds and provident funds were not included in the list of eligible strategic investors).

## 3. Recent Regulatory Changes:

### i) Recent Changes in PFRDA:

PFRDA has recently merged Scheme A with Schemes C and E. As part of this restructuring, InvIT units regulated by SEBI have been integrated into Scheme C, which primarily focuses on bonds and debt instruments. Similarly, REIT units regulated by SEBI have been aligned with Scheme E, which is predominantly geared towards equity and equity-related investments.

This realignment aims to provide greater flexibility and expand investment limits in these hybrid asset classes, thereby encouraging broader participation and diversification.

Revised Limits: Provided that the aggregate investment under sub category (l), (m), (n) i.e. Units of InvITs, debt-oriented AIFs and Basel III Tier I Bonds shall not exceed 5% of the AUM of Scheme / Asset Class C.

### ii) Recent Changes in SEBI:

Under the revised norms, InvITs can now use additional borrowings above the 49% leverage threshold for capital expenditure aimed at improving asset performance or expanding capacity. SEBI has also allowed these borrowings to be used for major maintenance expenses related to road projects. The regulator clarified that major maintenance refers to non-routine expenditure carried out under obligations specified in concession agreements.

The regulator has additionally permitted refinancing of existing debt by InvITs, its special purpose vehicles (SPVs) or holding companies, subject to certain conditions. SEBI said the original borrowing being refinanced must have been used only for purposes already allowed under InvIT regulations. The refinancing will be limited strictly to the principal amount of the loan.

### iii) Recent Regulatory Changes by RBI:

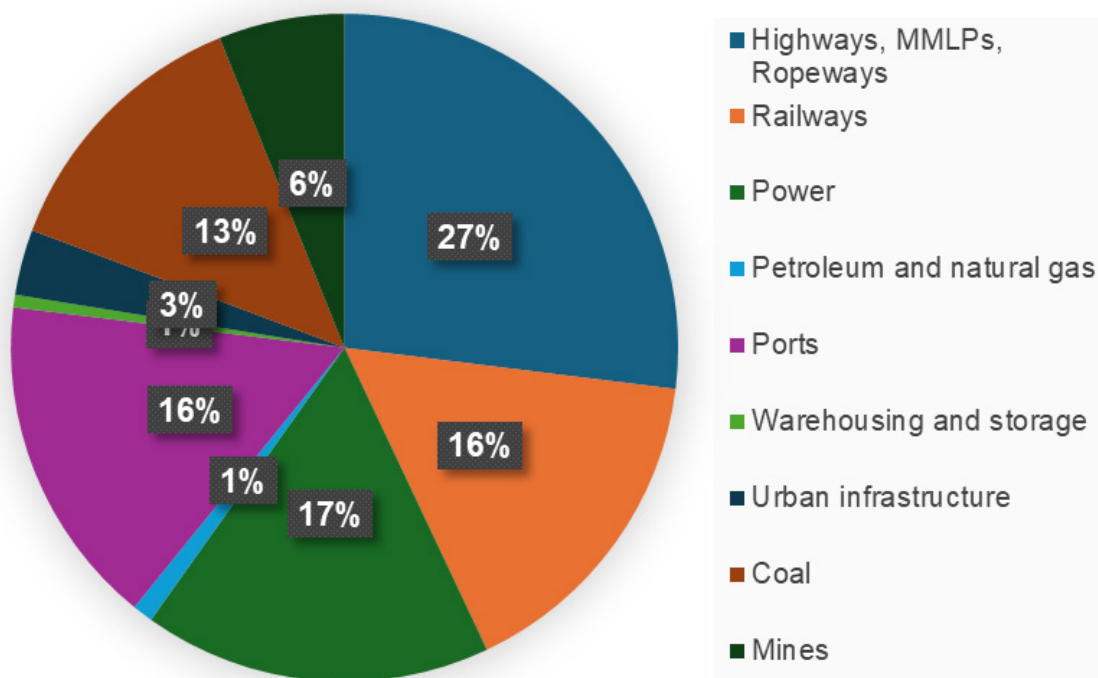
- Banks can lend only to listed REITs and InvITs.
- For REITs: At least 80% of assets must have generated positive operating cash flows for  $\geq 1$  year.
- For InvITs: At least 80% of asset value must be in completed, revenue-generating infrastructure projects with  $\geq 1$  year of positive cash flows.
- Total bank exposure (including exposure to SPVs and holding companies) is capped at 49% of the trust's asset value.
- Trusts must maintain leverage within SEBI-prescribed limits or stricter limits set by banks' boards.
- Rules come into effect from October 1, 2026, with early adoption allowed.

## 4. The Way Forward: Monetisation Pipelines and NMP 2.0

InvITs are the principal market instrument through which the government recycles operational public assets. Under the first National Monetisation Pipeline (NMP 1.0, FY22–FY25), NITI Aayog targeted ₹6 lakh crore of brownfield monetisation and achieved close to 90% — about ₹5.3–5.4 lakh crore — with roads, coal and power leading.<sup>5</sup> Building on that, the Union Budget 2025–26 mandated an Asset Monetisation Plan 2025–30, operationalised as NMP 2.0 and launched in February 2026. It sets a headline monetisation target of about ₹10 lakh crore and later upgraded it to an aggregate Total Monetisation Value (TMV) of ₹16.72 lakh crore over FY26–FY30, of which roughly ₹5.8 lakh crore is expected private-sector capital expenditure.<sup>6</sup>

Sectorally, highways (including multimodal logistics parks and ropeways) lead at ₹4.42 lakh crore, followed by power (₹2.76 lakh crore), ports (₹2.63 lakh crore), railways (₹2.62 lakh crore), coal (₹2.16 lakh crore) and mines (₹1 lakh crore), with the balance across petroleum, aviation, urban infrastructure, warehousing, telecom and tourism. NITI Aayog estimates Central Government proceeds of about ₹4.6 lakh crore over the period (. NITI Aayog assumes around 70% of this (roughly ₹3.2 lakh crore) will be reinvested straight back into publicly funded infrastructure projects) and a GDP contribution of roughly ₹40 lakh crore over five-to-ten years.<sup>7</sup>

## Monetisation Value Mix



### NMP 2.0 — annual phasing of Total Monetisation Value (FY26–FY30)

| Year         | Total Monetisation Value (₹ crore) | Note                                |
|--------------|------------------------------------|-------------------------------------|
| FY26         | 2,49,493                           | Launch year of NMP 2.0              |
| FY27         | 3,26,435                           | First full target year              |
| FY28         | 3,46,312                           |                                     |
| FY29         | 3,68,852                           |                                     |
| FY30         | 3,81,208                           | Terminal year                       |
| <b>Total</b> | <b>16,72,300</b>                   | of which ₹5.8 lakh cr private capex |

Source: NITI Aayog NMP 2.0 annual-phasing table, Feb 2026.<sup>8</sup>

A monetisation programme of this scale cannot be funded by foreign and strategic investors alone; it needs deep, stable domestic pools. InvITs are the bridge that turns the government's pipeline into a security that long-term capital can hold and take advantage of. As EPFO, NPS and insurance allocations to InvITs are progressively enabled and scaled, the demand side for NMP 2.0 strengthens precisely as the supply of monetisable assets accelerates, making the InvIT the connective tissue between India's infrastructure build-out and its long-term savings.

In our view, InvITs also provides the benefit of pass through of inflation in their revenue. Some sectors like ports, data centres and warehouse InvITs will further unlock value in the infrastructure space.

<sup>1</sup> SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended; Securities and Exchange Board of India.

<sup>2</sup> Union Budget 2024–25 amendments; SEBI circulars on minimum lot size for privately placed InvITs.

<sup>3</sup> SEBI amendments to REIT/InvIT Regulations, Sep–Oct 2025

<sup>4</sup> Ibid. — SEBI 2025 amendments expanding the “strategic investor” definition to pension funds, provident funds, insurers and AIFs.

Recent Regulatory Changes Section has been summarized from the respective regulatory bodies' master circulars.

<sup>5</sup> NITI Aayog, National Monetisation Pipeline (2021); PIB releases on NMP 1.0 progress; Finance Minister's remarks at NMP 2.0 launch, 23 Feb 2026.

<sup>6</sup> NITI Aayog, “National Monetisation Pipeline 2.0” (Feb 2026); PIB Press Release dated 23 Feb 2026.

<sup>7</sup> NITI Aayog NMP 2.0 report (Feb 2026): sectoral targets, Central Government proceeds of c. ₹4.6 lakh crore over FY26–FY30 and estimated GDP contribution of c. ₹40 lakh crore over 5–10 years.

<sup>8</sup> NITI Aayog NMP 2.0 annual-phasing table (Total Monetisation Value), Feb 2026.