Infrastructure Investment Trusts (InvITs)

Published On: 06-12-2025

Context

- The **National Highways Authority of India (NHAI)** has received **SEBI's in-principle approval** for registration of **Raajmarg Infra Investment Trust** as an **Infrastructure Investment Trust (InvIT)**.
- This move enables **institutional and retail investors** to participate in NHAI's road infrastructure projects.

What are InvITs?

- **Infrastructure Investment Trusts (InvITs)** are **collective investment schemes** akin to **mutual funds**, which allow investors to **directly invest in revenue-generating infrastructure projects**, such as:
- Toll roads
- Highways
- Power transmission lines
- Pipelines

Structure of InvITs

1**Sponsor**: Infrastructure companies or private equity firms that **own or develop infrastructure assets**.

2**Trust Formation**: Sponsors transfer ownership of assets to the **InvIT Trust**.

3**Unit Issuance**: The Trust issues units to **investors**, who earn a share of revenue generated from these assets.

Regulatory Framework

- Governed by **SEBI (Infrastructure Investment Trusts) Regulations, 2014**.
- Key provisions include:
- **Mandatory distribution of at least 90% of net distributable income** to investors.
- Disclosure and reporting requirements to ensure **transparency**.
- Allows both **listed and unlisted InvITs**.

Significance

- **Mobilises long-term capital** for infrastructure development.
- Provides **stable, predictable returns** for investors, similar to dividend-paying assets.
- Encourages **private sector participation** and reduces the fiscal burden on the government.
- Improves **liquidity in infrastructure financing** and deepens the **capital markets ecosystem**.