Infrastructure Investment Trusts (InvITs) in India: Mapping Future Potential

August 2025

This report provides a comprehensive analysis of InvITs in India including its future scope and mechanisms to deepen fund flow.

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Foreword

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Infrastructure investment trusts (InvITs) have emerged as a transformative instrument in India's infrastructure financing landscape, bridging the gap between large-scale project funding requirements and investor appetite for stable, long-term returns. Over the past decade, InvITs have enabled greater private sector participation in sectors such as roads, power transmission, and renewable energy, offering institutional and retail investors access to assets that were traditionally the domain of government agencies and corporates. By providing a transparent, regulated, and yield-oriented investment platform, InvITs are redefining the way infrastructure projects are financed, managed, and monetized in India.

This research report delves deep into the Indian InvIT ecosystem, providing a detailed examination of existing structures, operational frameworks, governance models, and revenue streams. It analyses the diversity of operational and maintenance models adopted across leading InvITs and evaluates their implications for scalability, investor confidence, and creditworthiness. The report also explores how InvITs are contributing to the monetization of public infrastructure, facilitating efficient capital recycling, and enabling the creation of institutional-grade assets that attract long-term investments.

In addition, the report identifies the challenges that the sector faces, including regulatory bottlenecks, limited awareness among retail investors, and the need for standardized frameworks to enhance transparency and comparability. By highlighting successful case studies and emerging trends, it aims to provide actionable insights for policymakers, developers, financiers, and investors to strengthen and expand the InvIT ecosystem in India.

As India embarks on ambitious infrastructure development programs, InvITs are poised to play a pivotal role in mobilizing private capital, optimizing asset utilization, and ensuring sustainable economic growth. We hope this report not only serves as a comprehensive reference for stakeholders but also sparks dialogue, innovation, and collaboration in one of the most promising segments of India's financial and infrastructure markets.

Introduction

In India, Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) were introduced by the Securities and Exchange Board of India (SEBI) in 2014, collectively defining them as business trusts. The primary objectives of these trusts are to unlock capital, attract investments, and enhance liquidity in the real estate and infrastructure sectors. The funds raised through this mechanism provide capital to developers, aiding in the maintenance and development of real estate and infrastructure projects. Additionally, by transferring operational assets into the trust, developers can reduce their debt levels, acquire new assets, and improve their financial metrics.

These trusts offer a structured and regulated avenue for both domestic and international investors, providing stable returns through dividends and interest payments. Furthermore, listing REITs and InvITs on stock exchanges enhances liquidity, facilitating easy trading for investors. Also, SEBI's regulations uphold high standards of transparency and governance, fostering a robust investment environment.

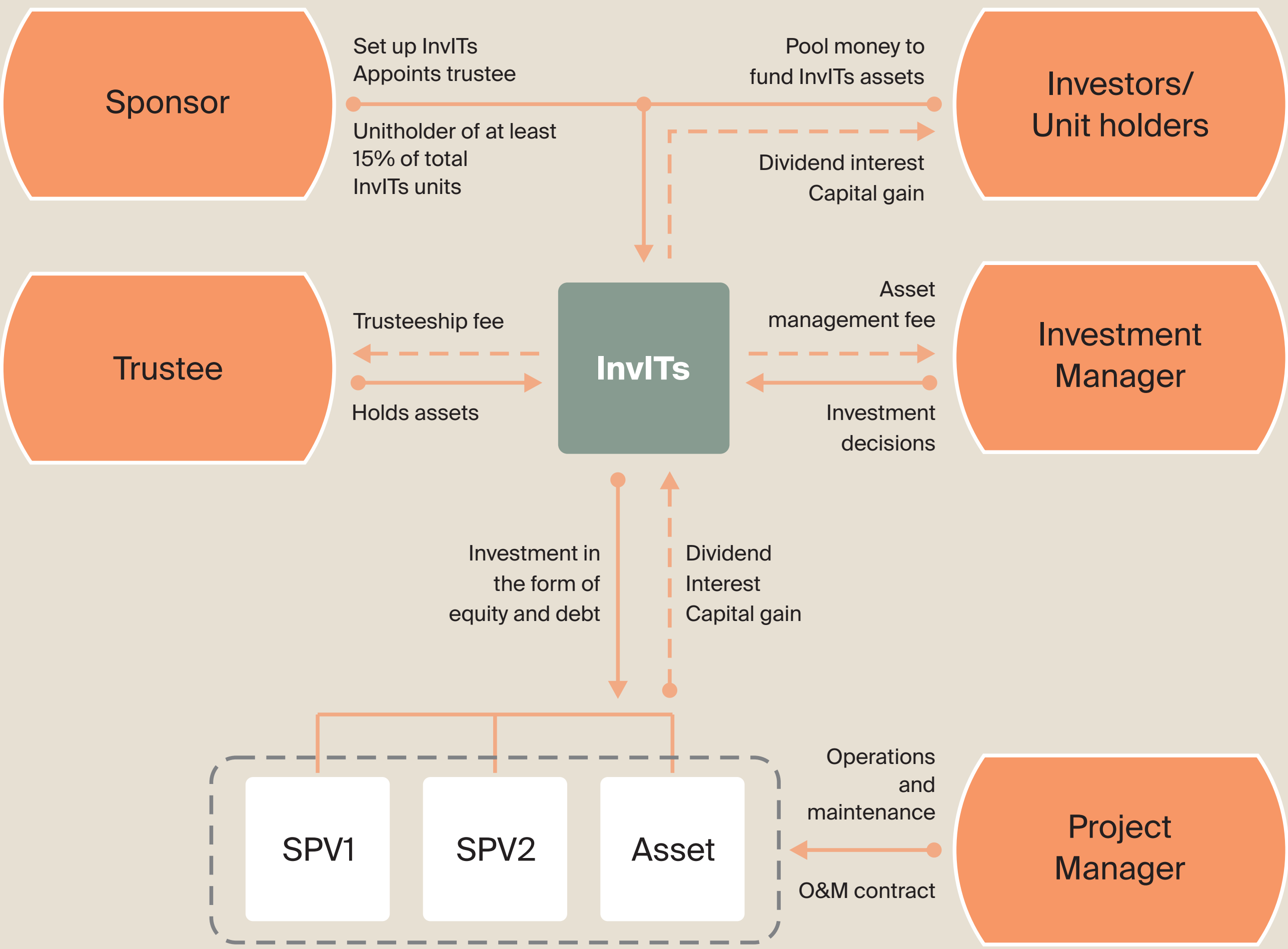
The process of establishing a REIT or an InvIT begins with a developer company (the sponsor) identifying a pool of income-generating assets, which can be either completed or under-construction projects[1]. The sponsor then establishes a trust, often in the form of a Special Purpose Vehicle (SPV), to hold these assets and appoints a trustee to manage the trust. The identified assets are transferred to the trust, ensuring that the sponsor no longer directly controls or operates them. Regulatory approval from the Securities and Exchange Board of India (SEBI) is required, which involves meeting specific requirements, including investing at least 80% of total assets in completed and revenue-generating projects.

For the public, units of the trust are offered to investors through a public listing on stock exchanges, allowing retail and institutional investors to buy units and become part-owners of the assets. Once operational, the REITs and InvITs generate income through these assets, with at least 90% of the net distributable cash flows being distributed to unit holders as dividends. This structured and regulated approach provides a regulated avenue to invest in real estate and infrastructure projects, benefiting both developers and investors.

Structure of InvITs

The structure of Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) in India closely mirrors that of yield companies and master business trusts in other economies. REITs are well-established in numerous countries such as the United States, Canada, the United Kingdom, Australia, and asian markets like Japan, Singapore etc. InvITs, often in the form of business trusts, are prevalent in countries with emphasising infrastructure development needs such as Singapore, Thailand, Hong Kong etc.

Figure 1



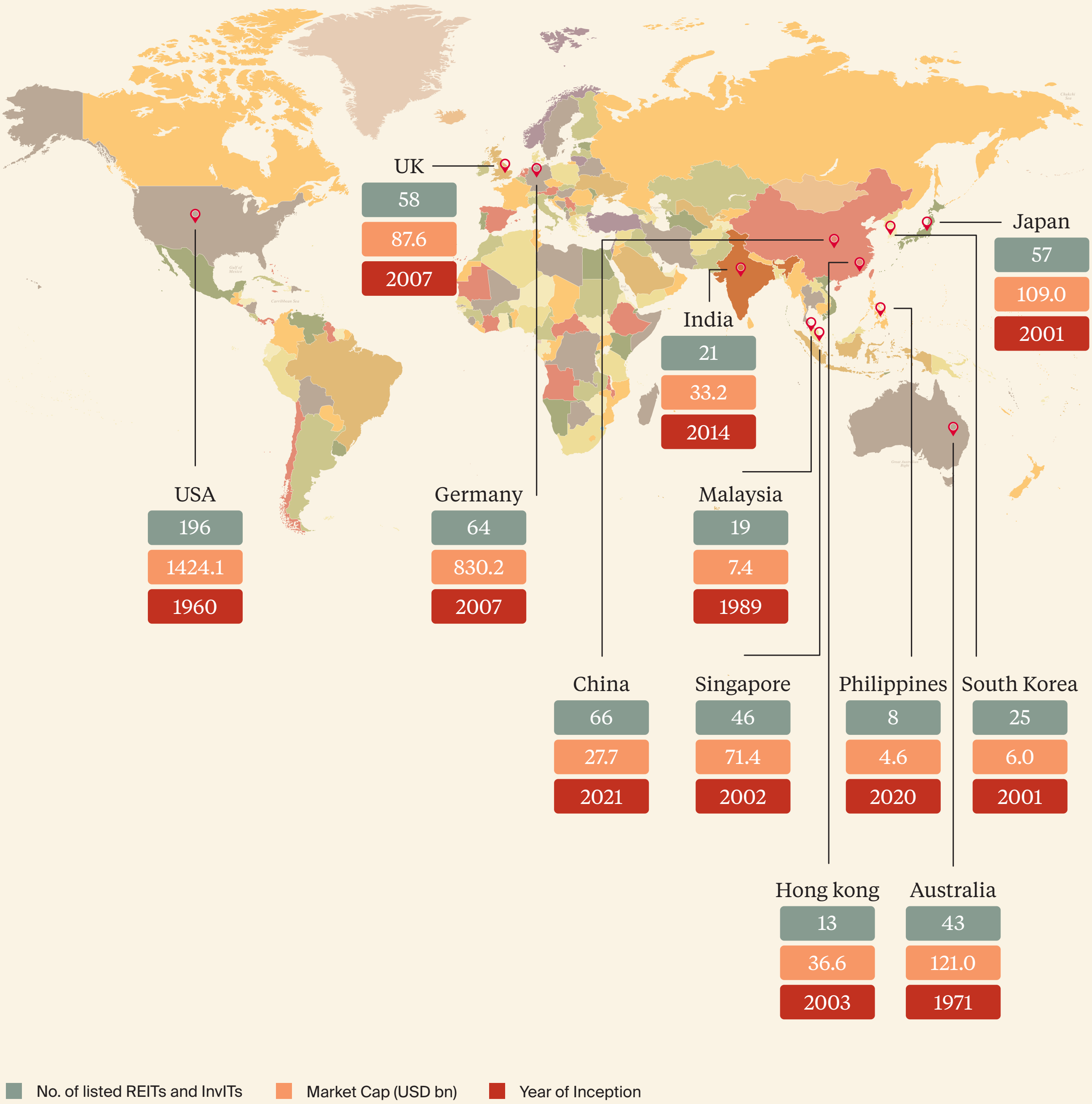
Source: SEBI, Knight Frank Research

Global Comparison

Globally, there are over 1,000 publicly listed REITs and InvITs also termed as master business trusts, boasting a combined market capitalization of approximately USD 3 trn. In India, there are currently five REITs and seventeen InvITs listed in the stock exchange (public and private), with a combined market capitalization of USD 33.2 bn.

Figure 2

Publicly listed REITs and InvITs of select economies



Source: Respective country's financial markets, Knight Frank Research
Note: InvITs are represented as business trusts in countries available, Marketcap as on 31st July 2025
USD 1 = INR 87, includes public and private listed REITs and InvITs

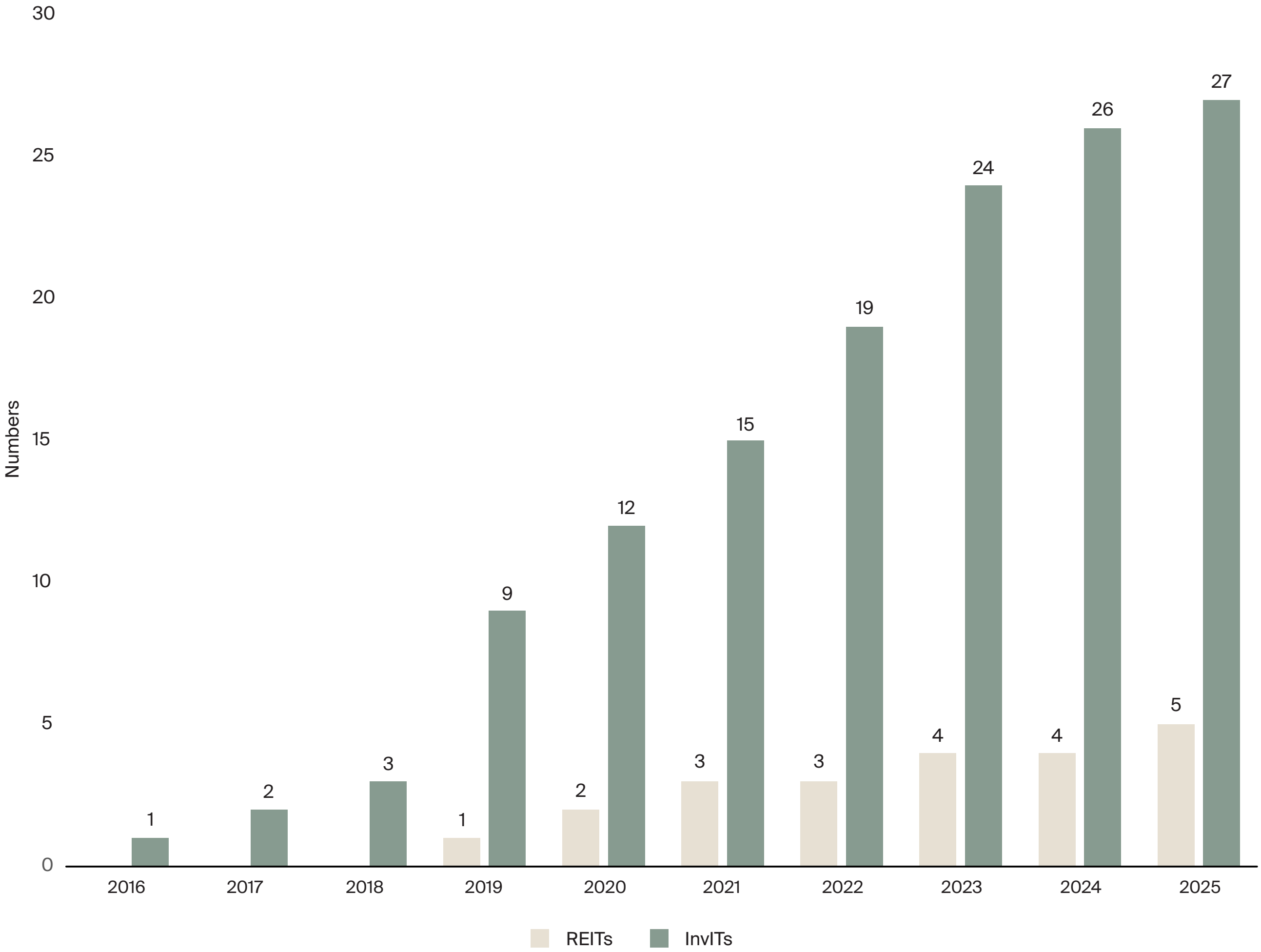
Performance of REITs and InvITs in India

Currently, REITs and InvITs in India are still in their early stages, however, driven by growth prospects of both real estate and the infrastructure sectors, their potential for expansion is significant. Within the two products, InvITs have and will continue to expand widely give their focus on multiple asset classes within the infrastructure sector, where as the exposure of REITs in India is currently limited to commercial real estate in India.

In the Infrastructure Investment Trusts (InvITs) segment, IRB InvIT—comprising revenue-generating road toll assets—was the first to be launched in India in 2016. Since then, the asset class has expanded to 27 InvITs, of which 17 are listed in India's stock exchange. The Real Estate Investment Trusts (REITs) on the other hand, are exclusively focused on the real estate sector. The first Indian REIT, Embassy REIT, was introduced in 2019. Currently, India has five REITs, all publicly listed, comprising portfolios of commercial and retail properties.

Figure 3

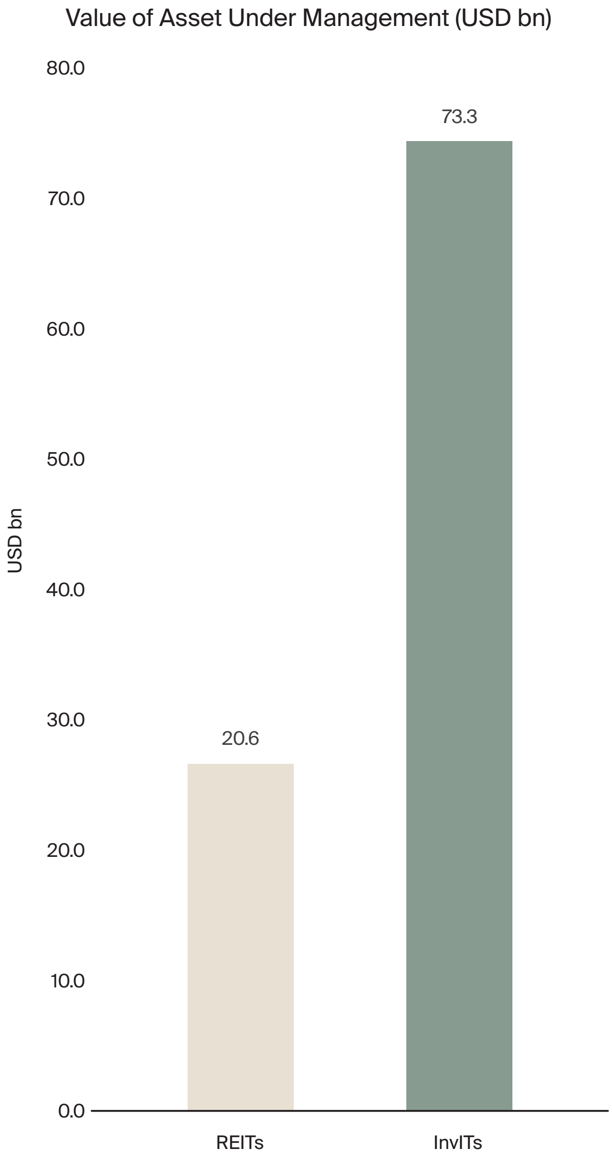
Cumulative number of SEBI registered REITs and InvITs in India



Source: SEBI, Knight Frank Research

Figure 4

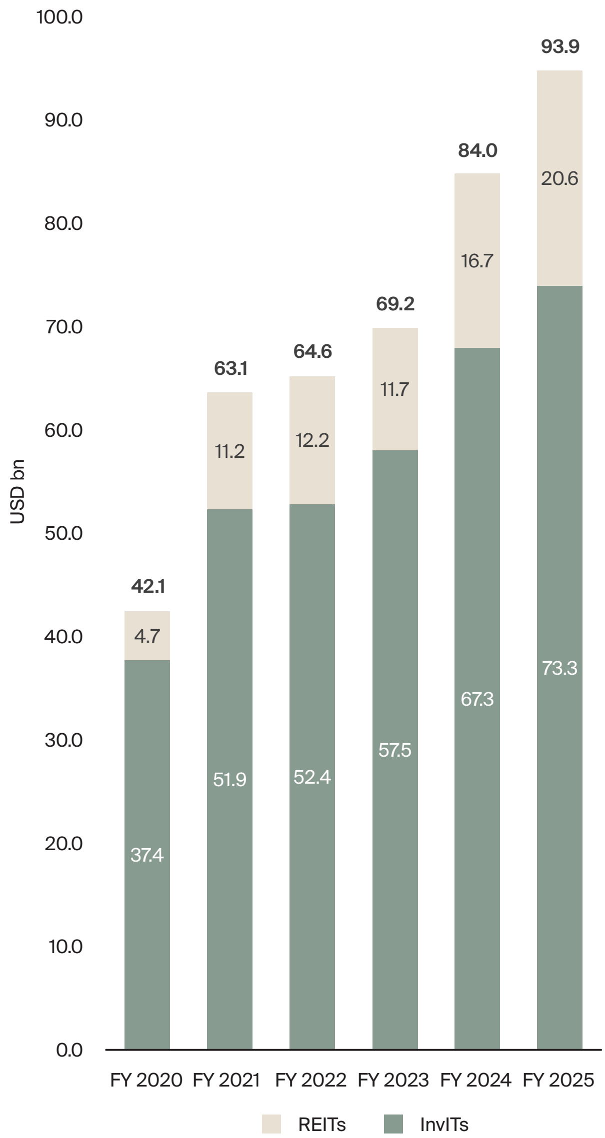
InvITs FY 2025 AUM nearly 3.5x higher than REITs



Source: Respective company reports, Knight Frank Research
Note: Estimated till FY 2025

Figure 5

AUM of REITs and InvITs has grown by 2x between FY 2020 – FY 2025



Source: Respective company reports, Knight Frank Research

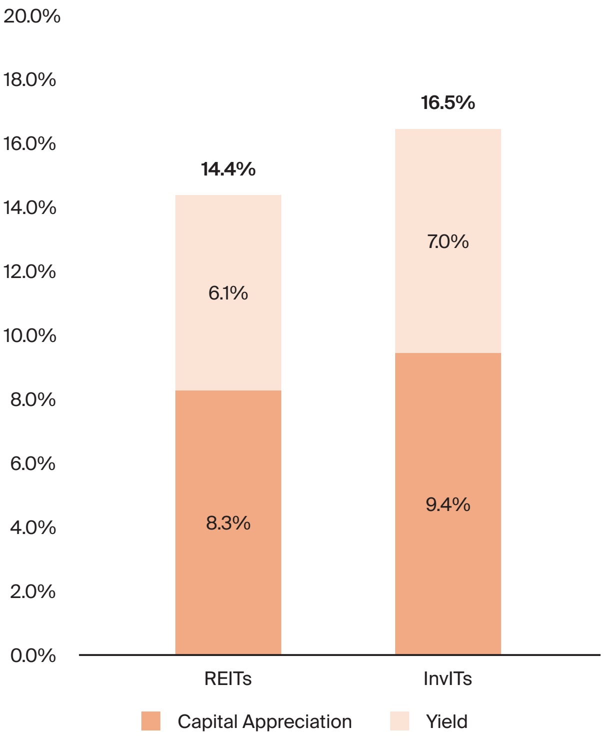
This growth trajectory underscores the growing significance of both InvITs and REITs in India's capital markets. InvITs, with their diversified asset base, are poised to play a pivotal role in advancing the country's infrastructure ambitions, aligning closely with policy objectives for long-term, sustainable economic growth. The steady rise in listed infrastructure trusts reflects robust investor confidence, underpinned by a strong regulatory framework that broadens access for both institutional and retail participants. Notably, the value of assets under management in InvITs has surged from USD 7.8 bn in FY 2019 to USD 73.3 bn in FY 2025—a 9.4-fold increase—demonstrating their rapid scale-up and growing market relevance.

In terms of investment returns[2], InvITs have marginally delivered higher returns. Since its inception, publicly listed InvITs in India have generated an average annual return of 16.5% largely due to relatively higher yield performance.

[2]Including price appreciation and dividend

Figure 6

Performance of listed REITs and InvITs



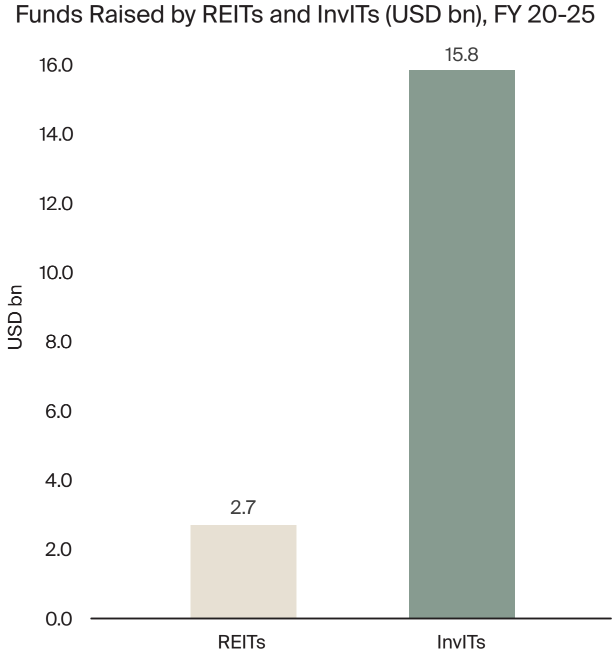
Source: NSE, Knight Frank Research
Note: Capital appreciation and yields are weight adjusted to market cap
Includes public and privately listed REITs and InvITs

Several factors contribute to the higher yields of InvITs, including stable and predictable cash flows from usage and revenue, low risks due to long-term contracts, and government support. Additionally, the infrastructure sector is less sensitive to market fluctuations and economic cycles compared to the real estate sector, enhancing the investment potential of InvITs relative to REITs.

Since their inception, InvITs have mobilized USD 15.8 bn from the primary market—significantly higher than the USD 2.7 bn raised by REITs. While REITs are establishing a solid presence within the commercial real estate segment, the larger capital inflows into InvITs reflect their broader infrastructure footprint, diversified asset base, and closer alignment with India's long-term development priorities. This preference can be attributed to several factors: greater availability and sectoral diversification of assets, which appeal to a wider investor base; the relative stability of the infrastructure sector; and its lower sensitivity to market fluctuations and economic cycles. Collectively, these strengths have positioned InvITs as a preferred investment vehicle for both institutional and retail investors seeking stable yields with growth potential.

Figure 7

Nearly 6x of funds raised by InvITs in comparison to REITs since FY 20



Source: SEBI, Knight Frank India
Note: Includes funds raised through public issue, private placement, preferential issue, institutional placement, rights issue

InvITs Aiding India's Infrastructure Funding Landscape

As per SEBI regulations, InvITs comprise assets which fall under any of the sub-sectors included in the Harmonised Master List of Infrastructure Sub-sectors notified by Ministry of Finance from time to time. This list encompasses a wide range of asset classes, offering InvITs substantial and diversified sectoral opportunities. The sub-sectors are classified across various categories, such as transport and logistics, energy, water and sanitation, communication, social and commercial infrastructure etc[3].

Currently, InvITs in India are predominantly distributed across revenue-generating toll roads, energy distribution, renewable energy, logistics etc. Notably, 15 out of the 27 InvITs are concentrated in the road sector.

[3]Details are provided in the Annexure I

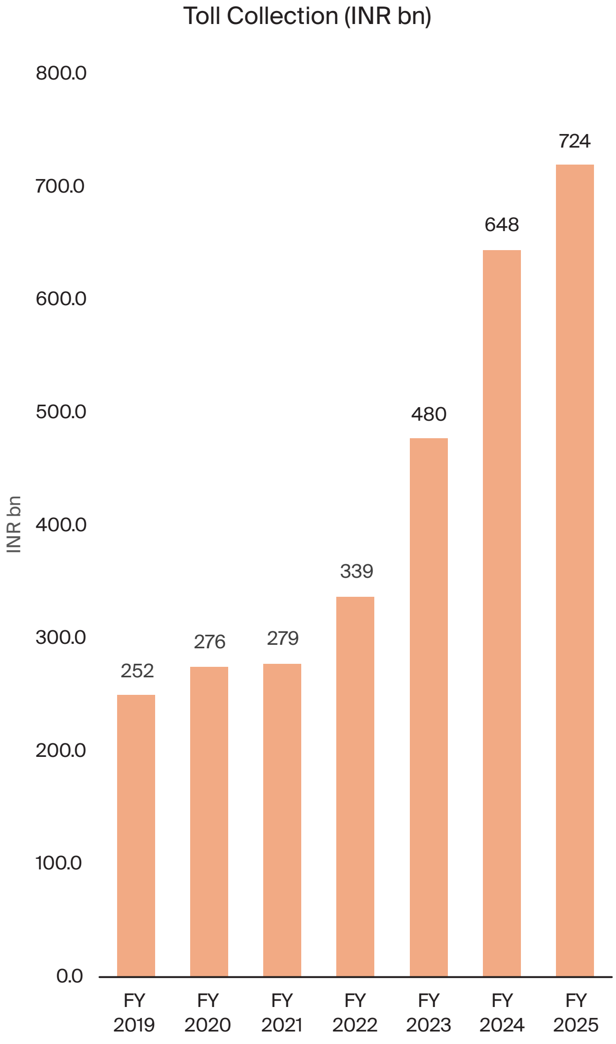
Sectoral assessment of InvITs

Roads at the Forefront of InvITs Investments

The road sector's strong appeal for InvITs is led by its ability to deliver stable and predictable revenue, particularly from toll collections, which are highly attractive to investors seeking consistent returns. Additionally, toll rates are on National Highways Authority of India (NHAI) roads are indexed to the Wholesale Price Index (WPI), ensuring stable cash flows in real terms. For projects which were awarded post 2008, the toll rate hike is applicable at 3% fixed hike plus 40% of WPI[4].

Figure 8

Growing toll collections aids prominence of road sector in InvITs



Source: IHMCL, Knight Frank Research
Note: Includes ETC toll collections of NH, MoRTH, SH toll plazas

[4]For projects awarded before 2008 the toll ate is 100% linked to WPI

In the recent years, the government support as well has been crucial in aiding investors participation and facilitating growth in the road InvITs. Through policy initiatives such as National Monetisation Plan (NMP), the central government has been actively promoting monetisation of road assets supported by initiatives from NHAI and other state government road authorities adding significant value to the sector. Between FY 2022 -25, NHAI has mobilised INR 436 bn via InvITs.

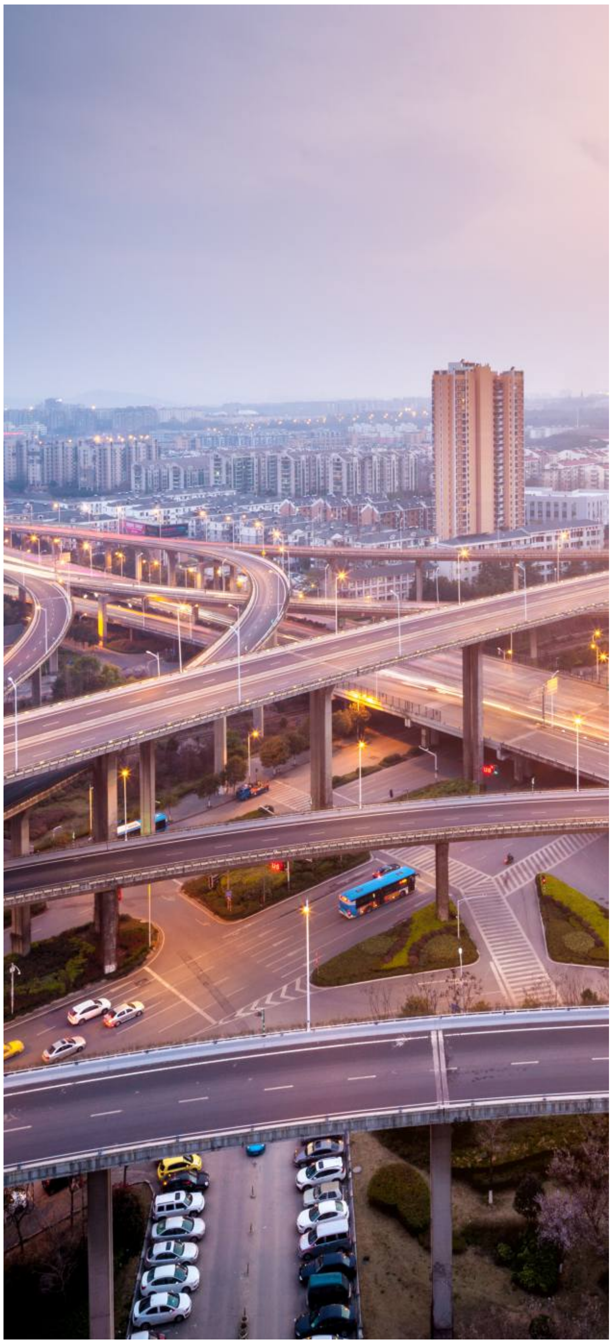
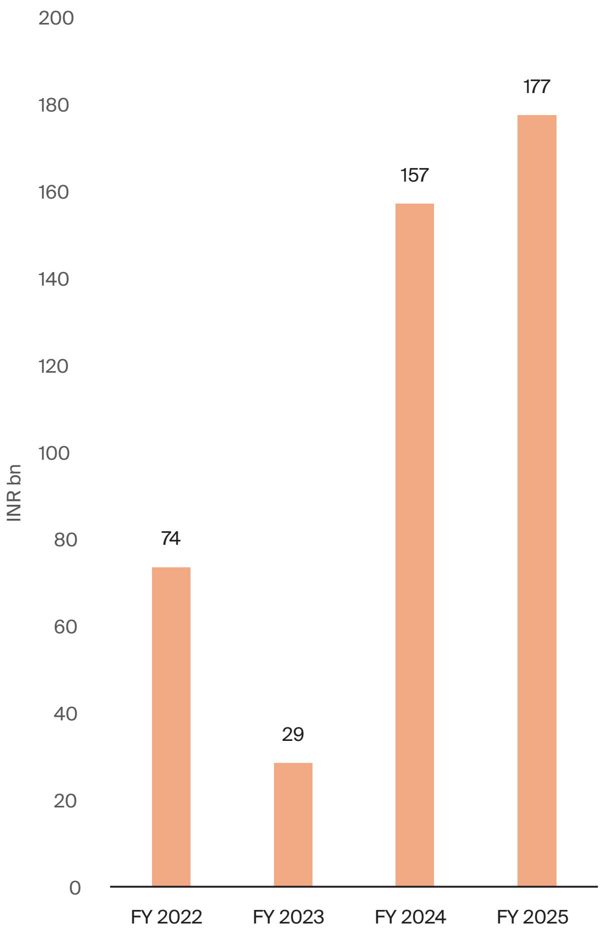


Figure 9

Funds raised by NHAI via InvITs



Source: NHAI, Knight Frank Research

Diversification is another key factor enhancing the road sector's attractiveness for InvITs. Road InvITs benefit from both geographic and concession-type diversification, which mitigates risks from local economic volatility and traffic disruptions, thereby ensuring more stable revenue generation. Geographic diversification enables InvITs to serve demand across multiple corridors, including metro city linkages, industrial hubs, ports, tourist destinations etc. Concession-type diversification—such as incorporating Hybrid Annuity Model (HAM) assets—combines the advantages of toll and annuity models, delivering greater cash flow stability and growth potential.

Currently, toll roads under the Build-Operate-Transfer (BOT) model account for 71% of road InvIT portfolios. While these assets generate revenue through traffic volumes and toll rates, they remain vulnerable to traffic volatility and broader economic cycles. Integrating HAM assets addresses this exposure by securing fixed annuity payments from the government, reducing dependence on traffic volumes. With built-in inflation and interest-rate indexation, the HAM model offers predictable cash flows and enhanced resilience to market fluctuations.

The growth potential in the sector is significant, supported by policy initiatives aimed at strengthening the national road network through public-private partnerships and strategic asset monetisation. This approach can enable further growth and development without creating an imbalance in the state exchequer. With the tentative introduction of NMP 2.0, the total value of asset monetization across different sectors is targeted to reach INR 10 trn by 2030.

Currently, 295 toll plazas, spanning 15,070 km of roads managed by NHAI and various state authorities, are under InvIT management. Within the broader NHAI network, there are 1,056 revenue-generating toll plazas covering 146,145 km of national highways. Of these, only 222 tolls – approximately 21% – are managed through InvITs, highlighting substantial headroom for expansion in the road segment.

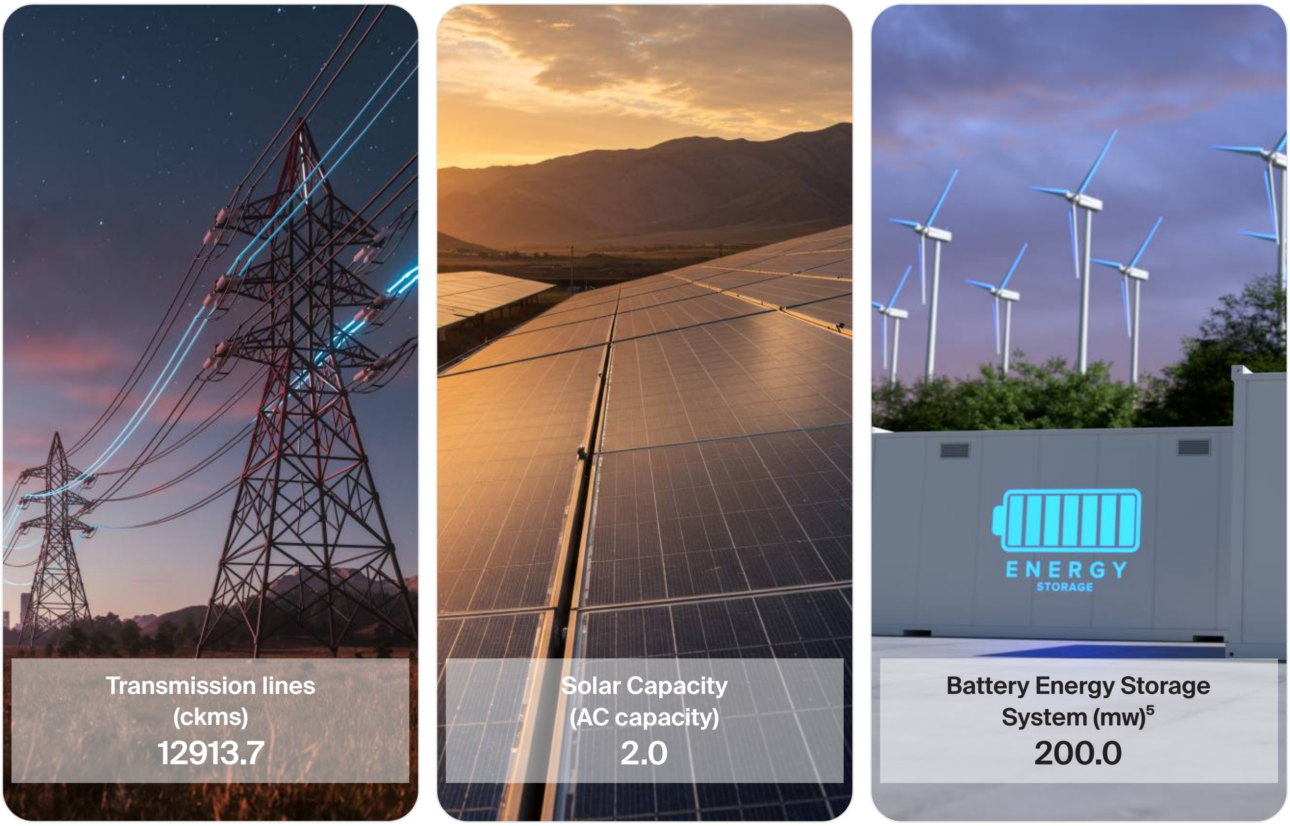
This strategic emphasis on asset monetization and public-private collaboration is expected to be a key driver of sectoral growth, creating vast opportunities for investment and accelerating infrastructure development across the country.

InvITs Powering Capital Mobilisation in India's Energy Transition

India's energy industry is undergoing a financing transformation, with InvITs becoming a crucial tool for mobilising capital, improving asset performance, and attracting long-term institutional funding. In the energy space, InvITs are increasingly being used to monetise operational assets such as transmission networks, renewable power projects, and natural gas pipelines. This model allows asset owners to release capital for new developments while providing investors with steady, inflation-protected yields. Supported by favourable regulations and a robust pipeline of renewable and transmission projects under the National Infrastructure Pipeline (NIP), energy-sector InvITs are set to play a central role in closing India's infrastructure funding gap and advancing the transition to a cleaner, more sustainable energy system. Currently, 5 out of 27 InvITs are concentrated in the energy sector encompassing power transmission lines, solar energy, battery energy storage system (BESS) etc with an AUM of USD 7.1 bn.

Figure 10

Distribution of InvITs in energy sector

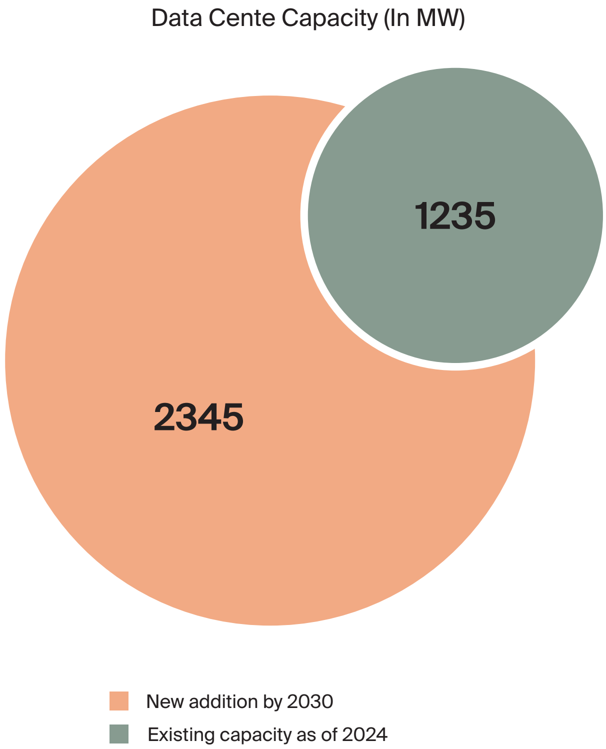


India's energy demand is growing at an unprecedented pace, fuelled by rapid urbanisation, steadily rising household consumption and robust industrial expansion, As the world's third-largest energy consumer, the country depends on a diverse mix of coal, renewable sources, and imported oil to meet its requirements. While traditional consumption and industrial needs will continue to expand, a substantial share of future demand will stem from emerging sectors such as data centres and electric vehicles (EVs). Data centre capacity in India, currently around 1,255 MW, is expected to more than triple to ~3,580 MW by 2030[6], propelled by digital transformation and the surge in cloud computing. Simultaneously, EV adoption is gaining momentum, with over 5.12 mn vehicles added between FY 2015-25 and a national goal to ensure 30% of all new vehicle sales are electric by 2030—a target encompassing public transport fleets, passenger cars, as well as two- and three-wheelers.

[5]Under construction assets
[6]As per economic survey 2024-25

Figure 11

Data centre capacity in India is expected to increase to 3580 MW by 2030

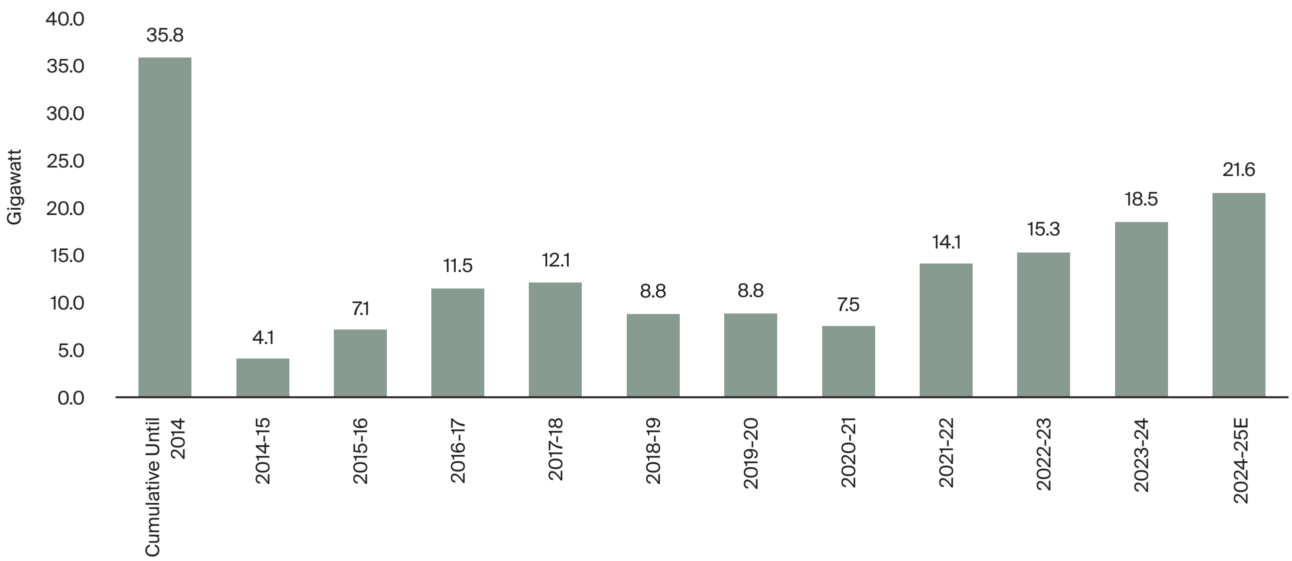


Source: Government of India, Knight Frank Research

Within the energy sector, while the power sector holds considerable promise, the renewable energy sector presents an even more expansive and rapidly growing opportunity. Currently, India has 98 GW of solar power generating capacity, with a mere 2 GW being managed by InvITs. Furthermore, the wind energy sector offers substantial prospects. India has 48 GW of operational wind energy capacity, with an additional of 38.5 GW is in the pipeline[7].

Figure 12

Annual addition of renewable energy in India (In gigawatts)



Source: Ministry of New and Renewable Energy, Knight Frank Research
Note: Excludes large hydro

[7] India RE Navigator

Within India's energy landscape, while the power sector offers significant potential, the renewable segment—particularly solar and wind—as well represents an even larger and faster-growing opportunity. At present, the country has 98 GW of installed solar capacity, yet only about 2 GW is currently managed through InvIT structures, indicating ample scope for expansion. The wind energy sector is equally promising, with 48 GW of operational capacity and a further 38.5 GW in the development pipeline. Major private players such as Tata Power, ReNew, Adani green etc are actively involved in building, installing, and operating wind projects across the country. Aligned with its clean energy transition goals, the Government of India has set a target of achieving 140 GW of wind capacity by 2030, creating significant opportunities for investment, innovation, and InvIT-driven asset monetisation.

India has outlined bold renewable energy ambitions, targeting 500 GW of non-fossil fuel-based capacity by 2030. According to projections by the Central Electricity Authority (CEA), the country's energy mix is set to undergo a major transformation by FY 2029–30. The share of renewable energy in total generation is expected to rise sharply from the current 18% to 44%, while the contribution of thermal power is projected to fall from 78% to 52%. This shift reflects a decisive move towards a cleaner and more sustainable energy ecosystem, driven by large-scale solar, wind, and hybrid projects, as well as advancements in energy storage and grid integration. The transition also creates a strong case for innovative financing structures such as InvITs to mobilise the substantial capital required for this accelerated renewable deployment.

The share of solar energy in India's total renewable energy capacity has surged from 7.5% in 2014 to nearly 50% now, recording a remarkable CAGR of 53.7%. With the government prioritising an accelerated shift to green energy, InvITs present a compelling avenue for investors to participate in stable, long-term renewable energy assets. However, meeting the country's 2030 target of 500 GW of non-fossil fuel capacity will require a significant scale-up in investments.

As of now, India's installed renewable energy capacity stands at 212.2 GW, meaning an additional 48 GW must be added annually—almost double the last five-year annual average of 24.8 GW. This gap highlights the urgent need for innovative financing models like InvITs to channel both domestic and international capital into the sector, enabling faster project execution, reducing reliance on traditional debt financing, and ensuring India stays on track to meet its clean energy commitments.

Logistics InvITs: Unlocking Capital for India's Supply Chain Revolution

India's logistics sector is on the verge of a structural shift, fuelled by rapid e-commerce expansion, manufacturing growth, and a concerted government push through initiatives like PM Gati Shakti and the National Logistics Policy. As the backbone of trade and distribution, modern logistics infrastructure—spanning warehouses, industrial parks, and transportation networks—requires massive capital investment to meet rising demand and improve efficiency. Logistics InvITs have emerged as a strategic financing vehicle to bridge this gap, offering a regulated, transparent, and yield-driven platform for both domestic and global investors.

These specialised investment platforms pool funds from multiple investors to acquire and operate income-generating logistics assets. Technological advancements such as digital twins and real-time tracking are driving operational efficiency and cost reduction, while India's strategic location as a manufacturing hub and its large, skilled workforce further enhance sector attractiveness. Strong global investor confidence is reflected in marquee deals like the Abu Dhabi Investment Authority (ADIA) and KKR's investment in Reliance Logistics & Warehouse Holding's warehousing portfolio. Backed by the Securities and Exchange Board of India's (SEBI) regulatory framework, Logistics InvITs offer diversification, steady income, professional management, and liquidity. However, they must navigate challenges including regulatory compliance, market volatility, and operational risks to ensure sustained long-term value creation.

Private sector participation in India's logistics industry has been robust and continues to expand. Between 2020 and 2024, the sector attracted USD 22.5 bn in private equity investments—accounting for nearly 30% of total investments in the real estate sector—demonstrating strong investor confidence. Government-led initiatives are set to further enhance the investment climate by improving infrastructure quality, streamlining supply chains, and reducing logistics costs. These measures will require substantial capital mobilisation for the development and maintenance of critical assets such as warehouses, industrial parks, and transport hubs, underscoring the scope for InvITs to play a transformative role in funding the sector.

Beyond logistics, InvITs are also making inroads into other infrastructure segments, including telecom towers, fibre networks, and even social infrastructure like schools—though currently with only one InvIT in each category. The expansion potential is significant in high-growth areas such as wind energy, ports, and airports, all of which are experiencing growing private investment. By enabling capital recycling and attracting long-term institutional funds, InvITs can empower private developers to scale infrastructure creation, directly supporting India's economic growth, trade competitiveness, and modernisation objectives.

Currently, India has three logistics and warehousing InvITs registered with SEBI, namely, - Intelligent Supply Chain Infrastructure Trust, NDR InvITs, and TVS Infrastructure Trust with a combined AUM of USD 1 bn comprising 39 mn sq ft of warehousing assets.

Assessing Investment Potential of InvITs in India's Infrastructure Growth Story

Over the past few years, investments in India's infrastructure have expanded rapidly, driven by the need to modernise assets and improve efficiency. Both the central and state governments have committed substantial capital expenditure, with the central government taking the lead. Central government spending on core infrastructure has surged from USD 12 bn in FY 2015 to USD 75 bn in FY 2025—a 6.2-fold increase. This outlay has risen from 0.6% of GDP in FY 2015 to 2.0% in FY 2025, signalling a clear policy focus on infrastructure-led growth.

Looking ahead, infrastructure development will be pivotal to meeting India's near- and long-term economic ambitions. As per Knight Frank research estimates, India will require USD 2.2 trn in infrastructure investment to achieve its USD 7 trn economy target. Meeting this scale of demand will require significant private sector participation alongside public funding.

While greenfield infrastructure projects often face elevated risks, brownfield assets present a substantial opportunity for private capital deployment. Infrastructure Investment Trusts (InvITs) have emerged as a strategic financing instrument in this space—channelling institutional and retail funds into operational assets, enabling capital recycling, and ensuring the timely development and upkeep of critical infrastructure across the country.

To stimulate private participation in infrastructure, the Government of India has implemented multiple measures to channel private capital into the sector. Alongside establishing clear Public-Private Partnership (PPP) frameworks for greenfield projects, it has prioritised the monetisation of existing brownfield assets to unlock value and fund new development. In 2021, the central government launched the National Monetisation Pipeline (NMP) with a target of monetising assets worth INR 6 trn between FY 2021–25. The initiative has been highly successful, achieving 95% of its target within the planned period. Building on this momentum, the Union Budget for FY 2025–26 proposed NMP 2.0, setting an ambitious goal of monetising readily available, revenue-generating assets worth INR 10 trn by 2030. These policy measures underscore the government's commitment to accelerating private investment in infrastructure, with platforms such as InvITs playing a pivotal role in enabling transparent, scalable, and long-term capital mobilisation.

Table 1

Sector potential for InvITs

Sector	Asset Class	Volume of assets under InvIT (A)	Stock (B)	A/B	Target for 2030
Roads	National Highways_length in kms	12,629	1,46,145	8.6%	2,00,000
	National Highways_No. of tolls	222	1,056	21.0%	-
	State Highways_length in kms	2,440	1,86,906	1.3%	-
Energy	length of transmission lines (ckm)	12,914	4,81,326	2.7%	5,32,326
	Battery Energy Storage System_mwh	-	219	-	47,000
	Solar Capacity_GW (AC)	2	98	2.0%	230
Natural Gas	Pipeline network (In kms)	1,480	24,921	5.9%	35,710
Telecom	Telecom Towers	2,50,437	7,49,127	33.4%	12,00,000
Logistics	Area (mn sq ft)	39	479	8.1%	-
Airports	Nos	-	137	0%	240
Ports	Number of berths	-	277	0%	-
Wind Energy	Energy Generation Capacity (GW)	-	47	0%	140

Source: Company and government documents, Knight Frank Research

Sectorally, the scope for InvIT expansion remains largely untapped across multiple infrastructure verticals. For instance, in Roads InvITs, currently the largest by value, comprise only 21% of the operating NHAI toll assets, leaving a substantial portfolio available for future monetization. In renewable energy, despite India's installed solar capacity crossing 98 GW, InvITs currently manage only ~2% of operational assets, indicating a vast headroom for growth as the government targets 230 GW of solar capacity by 2030. The logistics sector presents a similar picture—out of the 479 mn sq ft of warehousing space controlled by private operators, only ~39 mn sq ft is currently part of InvIT structures.

In other critical infrastructure areas such as airports, ports, and wind energy, private participation has been increasing—often through PPPs and concessions—but InvIT penetration is negligible. This is partly due to challenges in creating stable revenue models in certain sectors, which act as a bottleneck for private investment. However, enhanced risk-sharing mechanisms, credit enhancement facilities, and targeted government support can accelerate the inclusion of such assets into InvIT portfolios. Policy instruments like Viability Gap Funding (VGF), long-term O&M agreements, and predictable regulatory frameworks can help generate sustainable cash flows and investor confidence.

The opportunity is not limited to the existing stock of assets. Capacity additions are projected across nearly all segments—roads, renewable energy, ports, airports, power transmission, and logistics—driven by economic expansion, urbanisation, and industrial growth. Combined with the government's push for private investment through PPP policies and asset monetisation plans under NMP 2.0 (targeting INR 10 trn by 2030), this creates a sizeable addressable market.

Considering these growth drivers, policy tailwinds, and asset base expansion, we estimate the potential market opportunity for InvITs in India by 2030 to reach approximately USD 258 bn. This represents not only a scaling up of existing sectors but also the inclusion of underrepresented asset classes into the InvIT framework, potentially transforming the country's infrastructure investment landscape.

Table 2

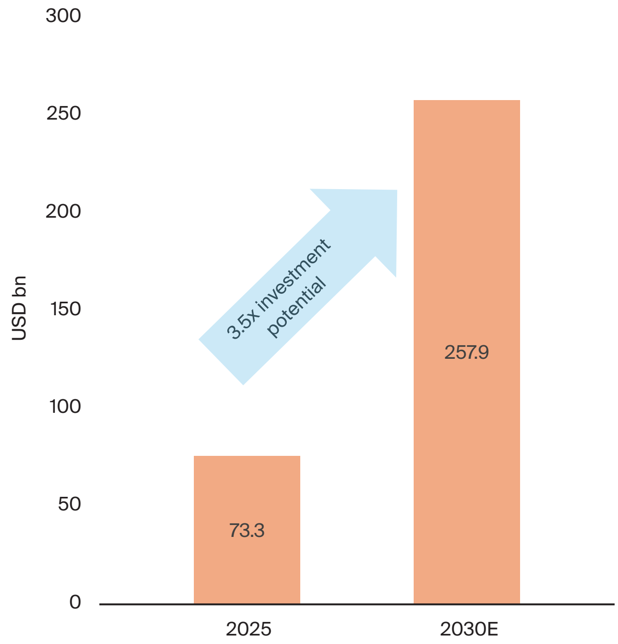
USD 258 bn of market opportunity for InvITs in India by 2030

	USD bn
Existing Infra_Potential under NMP 2.0 (2025-2030)	114.7
New Infra_Required core infra spend by 2030	2386.7
Assuming pvt sector participation of 10%	238.7
Assuming 60% of (3) are InvIT eligible assets	143.2
Potential Market Opportunity for Invit by 2030 (1+4)	257.9

Source: Knight Frank Research

Figure 13

InvITs market opportunity by 2030 to increase by 3.5x from the existing AUM



Source: Knight Frank Research; Year = Financial Year

InvITs Shareholder Analysis

India's InvIT shareholding profile is still largely promoter-heavy, with 47.1% of units controlled by promoters, followed by 21.7% with institutional investors, 12% with foreign investors, 8.9% with non-promoter corporates, 9% with retail investors, and just 1.4% held by the government.

While high promoter ownership secures strategic control, it also limits free float, restricts secondary market liquidity, and can weaken governance independence. Institutional holdings signal investor confidence but remain far below the levels required to match India's infrastructure financing needs. Foreign participation is relatively strong but faces headwinds from currency volatility, complex taxation, and limited international promotion of InvITs. Retail investor presence is still low, constrained by high entry thresholds, limited awareness, and perceptions of complexity. Government participation is negligible, missing out on the stability that Development Finance Institutions (DFIs) or state-backed anchor investors could bring. Corporate investors are present but have yet to fully leverage InvITs for strategic alliances and operational synergies.

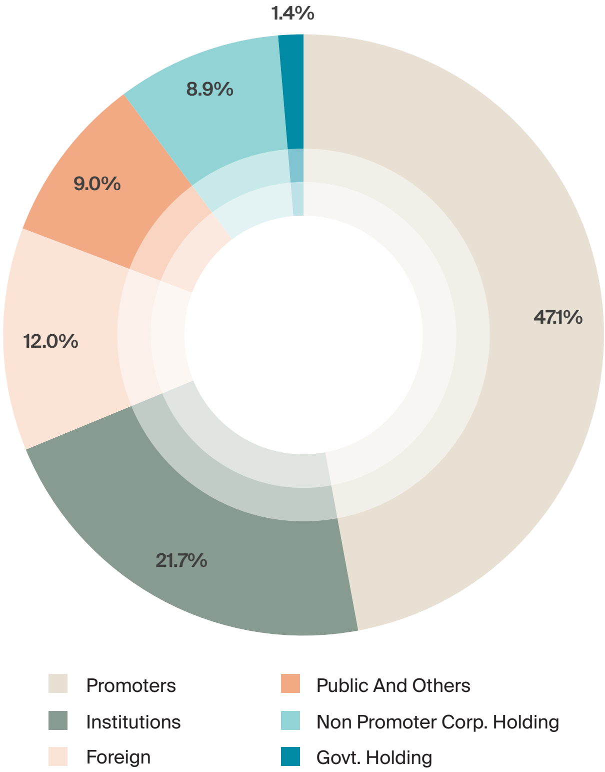
Institutional flows show a gradual build-up from both domestic and overseas sources. The Insurance Regulatory and Development Authority of India (IRDAI) currently allows insurers to invest in InvIT debt instruments rated AA or higher, with exposure limits of 3% per InvIT and a total of 5% across all InvITs. These caps aim to balance capital flows into InvITs with sound regulatory oversight, ensuring that insurers can diversify without exposing themselves to undue concentration risk. With India's life insurance sector managing INR 62 trn (USD 713 bn[8]) in assets as of 2024[9], even a modest relaxation of these caps could unlock billions for infrastructure financing.

Under the National Pension System (NPS), pension funds can invest up to 5% of their corpus in InvITs and REITs. While domestic pension participation remains modest, global players such as the Canada Pension Plan Investment Board (CPPIB) and Ontario Teachers' Pension Plan (OTPP) have made substantial equity commitments to major platforms like NHIT and IndInfravit—bringing both capital depth and international credibility. As of July 2025, the NPS managed INR 15 trn (USD 171.4 bn) in assets[10], suggesting that easing the current limits could direct significant long-term, low-cost capital into infrastructure.

Therefore, structural challenges in deepening capital flow into InvITs persist in India. High promoter holdings limit liquidity and diversified ownership. Retail participation is still hampered by awareness and accessibility barriers. Foreign inflows are moderated by regulatory and currency risks. Government and DFIs remain marginal players, reducing potential market stability during volatility. Corporate partnerships in asset co-development are underused, and allocation caps continue to constrain the role of insurers and pension funds in deepening India's InvIT market.

Figure 14

Share holding analysis of InvITs in India



Source: Company reports, Knight Frank Research

[8]1 USD = INR 87
[9]IRDAI
[10]NPStrust.org

Avenues to Widen Investor Participation

1. Retail Participation

Retail engagement with InvITs in India remains limited due to a mix of structural and perception barriers. While the SEBI has reduced the minimum ticket size for public InvITs to INR 10,000–INR 15,000 from INR 0.1 mn earlier, many privately placed trusts still maintain high entry thresholds, effectively pricing out smaller investors. Awareness levels are low, as InvITs are neither widely marketed nor well understood by the average retail investor. The technical nature of infrastructure assets and their revenue models adds to the perception that these products are complex and risky. To address this, targeted investor education campaigns—run in collaboration with banks, post offices, and fintech platforms—can simplify InvIT concepts and highlight their potential benefits, such as steady yields, relative safety, and inflation-linked returns. Japan offers a strong precedent: in its J-REIT market, retail participation rose by over 50% between 2013 and 2019 after minimum investment amounts were lowered and comprehensive financial literacy drives were rolled out via television, online platforms, and broker partnerships[11].

2. Foreign Investors

Foreign portfolio investor (FPI) interest in Indian InvITs is encouraging but still hampered by currency fluctuations, complex taxation, and limited global visibility. Introducing long-term currency hedging options—such as 5- to 10-year forwards or currency swaps—would help reduce exchange-rate risk, making INR-denominated InvITs more appealing to overseas institutions. Simplifying and clarifying the tax framework for FPIs, especially in relation to capital gains and withholding tax, would also lower entry barriers.

Internationally, Canada's infrastructure market provides a useful model. Canadian fund managers frequently engage directly with sovereign wealth funds and global pension plans, offering pre-arranged hedging solutions. This proactive approach has helped Canada's infrastructure investment market surpass USD 400 bn in assets under management.

3. Domestic Institutions

Domestic insurers and pension funds hold vast reserves of long-term capital—life insurers alone manage more than INR 62 trn (USD 713 bn) in assets—but their exposure to InvITs is tightly capped (currently 3% per trust and 5% overall for insurers). Raising these ceilings to 5% per trust and 10% in aggregate, in line with developed-market norms, could unlock billions for infrastructure projects. Additionally, Development Finance Institutions (DFIs) such as the National Investment and Infrastructure Fund (NIIF) could be encouraged to take anchor positions in new InvIT listings. Such anchor commitments help signal stability, reduce perceived risk, and often draw in other large investors. A global parallel can be found in the Canada Pension Plan Investment Board (CPPIB), which frequently serves as an anchor in infrastructure trusts, attracting co-investors and accelerating project scale-up. This strategy has enabled CPPIB to build more than CAD 50 bn in global infrastructure holdings.

In addition to tapping retail, foreign, and traditional institutional investors, the InvIT investor pool can be diversified by reaching out to alternative capital sources such as family offices, high-net-worth individuals (HNIs), and corporate treasuries. Additionally, accelerating asset transfers via National Monetisation Pipeline (NMP) will expand InvIT portfolios and build investor confidence. Diversifying into sectors such as data centres, multiple renewable energies, urban infrastructure etc will further broaden appeal.

[11]Investment Trusts Industry in Japan, Nomura Institute of Capital Market Research, 2019

Conclusion

The growth in the real estate and infrastructure sectors in India is set to expand the scope of REITs and InvITs. Among these, InvITs have shown significant growth in both value and volume due to their broad sectoral exposure. The increasing focus of policymakers on expanding India's infrastructure, along with strategies to monetize assets and boost private participation, will create investment opportunities in this sector.

InvITs are essential for bridging the investment gap, offering stable returns and government support, making them attractive to both institutional and retail investors. With existing revenue-generating assets and government monetization targets, the market potential for InvITs in India is expected to grow substantially. However, some sectors and assets face challenges in generating revenue. Adequate policy support to generate cash flows can help overcome these challenges and encourage private investments.

In the long term, expanding the geographical scope of assets development and eventually managed by InvITs will increase cash flow and support developers in securing funding for new infrastructure projects. Inclusion of foreign assets developed by Indian developers in InvITs can enable portfolio diversification and reduce risk by tapping into foreign markets. Mature markets like Singapore, China, and the USA do not impose specific limits on the proportion of foreign assets that master business trusts can hold. Adopting similar structures in India could benefit both REITs and InvITs.

Allowing a higher proportion of foreign assets would attract more international investors, enhance portfolio diversification, and improve liquidity. Implementing global best practices would boost governance, transparency, and operational efficiency, thereby increasing market confidence.

Annexure

Table 3

List of REITs and InvITs in India

REITs			InvITs		
Name	Sector	Listed/ Unlisted	Name	Sector	Listed/ Unlisted
Brookfield India Real Estate Trust	Office	Listed	Altius telecom infrastructure	Telecom Infra	Listed
Embassy Office Parks REIT	Office	Listed	Anantham Highways	Road	Unlisted
Knowledge Realty Trust	Office	Listed	Anzen India Energy Yield Plus Trust	Energy	Unlisted
Mindspace Business Parks REIT	Office	Listed	Athaang Infrastructure Trust	Road	Unlisted
Nexus Select Trust	Retail	Listed	Capital Infra Trust	Road	Listed
			Citius TransNet Investment Trust	NA	Unlisted
			Cube Highways Trust	Road	Listed
			Digital Fibre Infrastructure Trust	Telecom Infra	Unlisted
			Energy Infrastructure Trust	Energy	Listed
			Indi Grid Trust	Power	Listed
			Indus Infra Trust	Road	Listed
			Intelligent Supply Chain Infrastructure Trust	Warehousing & Logistics	Listed
			Interise Trust	Road	Listed
			IRB Infrastructure Trust	Road	Listed
			IRB InvIT Fund	Road	Listed
			Maple Infrastructure Trust	Road	Listed
			National Highways Infra Trust	Road	Listed
			NDR InVIt trust	Warehousing & Logistics	Listed
			Nxt-Infra Trust	Road	Listed
			Oriental InfraTrust	Road	Unlisted
			Powergrid Infrastructure Investment Trust	Power	Listed
			Roadstar Infra Investment Trust	Road	Unlisted
			SchoolHouse InvIT	Education	Unlisted
			Shrem Invit	Road	Listed
			Sustainable Energy Infra Trust	Power	Listed
			TVS Infrastructure Trust	Warehousing & Logistics	Unlisted
			Vertis Infrastructure Trust	Road	Unlisted

Table 4

Infrastructure sector as per RBI's harmonized master list

Category	**Infrastructure sub-sectors**
Transport and Logistics	Roads and bridges Ports Shipyards Inland Waterways Airport Railway track including electical and signalling system, tunnels, viaduct, bridges Railway rolling stock along with workshop and associated maintenance facilities Railway terminal infrastructure including stations and adjoining commercial infrastructure Urban Public Transport (except rolling stock in case of urban road transport) Logistics Infrastructure Bulk Material Transportation Pipelines
Energy	Electricity Generation Electricity Transmission Electricity Distribution Oil/Gas/Liquefied Natural Gas (LNG) storage facility Energy Storage Systems (ESS)
Water and Sanitation	Solid Waste Management Water treatment plants Sewage collection, treatment and disposal system Irrigation (dams, channels, embankments, etc.) Storm Water Drainage System
Communication	Telecommunication (fixed network) Telecommunication towers Telecommunication & Telecom Services Data Centres
Social and Commercial Infrastructure	Education Institutions (capital stock) Sports Infrastructure Hospitals (capital stock) Tourism infrastructure viz. (i) three-star or higher category classified hotels located outside cities with population of more than 1 million, (ii) ropeways and cable cars Common infrastructure for Industrial Parks and other parks with industrial activity such as food parks, textile parks, Special Economic Zones, tourism facilities and agriculture markets Post-harvest storage infrastructure for agriculture and horticultural produce including cold storage Terminal markets Soil-testing laboratories Cold Chain Affordable Housing Affordable Rental Housing Complex Exhibition-cum-Convention Centre

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