

1. Infrastructure Investment Trust (InvIT)

Prelims Level: Infrastructure Road, inland, Railway aviation, Housing, Rural & Urban

Mains Level: GS-III Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment.

Why in News?

- Recently, Cabinet authorises NHAI to set up Infrastructure Investment Trust

About InvIT:

- It will be established as a Trust, named as 'InvIT Trust'.
- It will be set up under Indian Trust Act, 1882 and Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014.

Objective:

- It will be formed with an objective of investment primarily in infrastructure projects as defined by Union Ministry of Finance and may hold assets either directly or through a Special Purpose Vehicles (SPV) or a holding.
- Retail domestic savings and corpus of special institutions such as mutual funds, Pension Fund Regulatory and Development Authority (PFRDA), among others, will be invested in infrastructure sector through InvIT.
- It would attract patient capital for about 20-30 years to Indian highway market, as investors are unwilling towards construction risk and are interested in investment in assets which provide long-term stable returns. It will enable the NHAI to monetize completed national highways that have a toll collection track record of at least one year and the NHAI reserves the right to levy toll on the identified highway.

About NHAI:

- The National Highways Authority of India was constituted by an act of Parliament, the National Highways Authority of India Act, 1988.
- It is responsible for the development, maintenance and management of National Highways entrusted to it and for matters connected or incidental thereto.
- Given the magnitude of the Bharatmala, the government's flagship highway development program, NHAI would need adequate funds to complete the projects within the prescribed Timelines.