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**Rakesh Kumar Jain, Director (Finance) of GAIL (India) Limited, has been conferred the 'CFO of the Year Award 2022' at the Global Refinery & Petrochemicals Congress (2022) and Downstream India Excellence Awards 2022. Jain (left) won the award in recognition of his stellar leadership, pathbreaking initiatives and impressive achievements.**

MP/POST

# Now, govt eyes InvITs for railways & ports

Plans more launches in FY23; gas pipelines, other sectors also on radar

**DHRUVAKSH SAHA & ARUP ROYCHOUDHURY**  
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After the success of infrastructure investment trusts (InvITs) achieved by the National Highways Authority of India (NHAI) and PowerGrid, the Centre is laying the groundwork for similar InvITs for railways, shipping, gas pipelines, and other sectors, as part of the ₹6-trillion National Monetisation Pipeline (NMP).

The finance ministry has been nudging various infrastructure line departments and there have been close examinations of InvITs in the Ministries of Railways and Shipping, and GAIL (India), among others, *Business Standard* has learnt.

The Centre is looking to launch a few more sector-specific InvITs in the current fiscal year.

"After roads and power, the next step is to see which government assets in other sectors can be monetised through the InvIT route. It is an effective route to attract funds



IMAGING: AJAY MOHANTY

## YEARLY ASSET MONETISATION TARGETS

Indicative target (in ₹ cr)



## NMP'S BIGGEST CONTRIBUTORS (in ₹ cr)

(Sectors and their share in the ₹6-trillion National Monetisation Pipeline (NMP) in the next four years)

Roads	160,200
Railways	152,496
Power transmission	45,200
Power generation	39,832
Natural gas pipelines	24,462
Telecom	35,100
Warehousing	28,900
Mining	28,747

Source: NMP report

from big institutional investors," said a finance ministry official.

A railways ministry official said: "For us, asset monetisation is nascent. So we are trying to build our monetisation avenues from scratch, and we are looking at InvITs as one of the options. There is a push from the top to monetise."

An InvIT is a collective

investment scheme similar to a mutual fund, which enables direct investment from individuals and institutional investors in infrastructure projects to earn a small portion of the income as return.

While many private sector InvITs are listed on the BSE and the National Stock Exchange, the two InvITs floated by state-

owned companies are the National Highways Infra Trust and the PowerGrid Infrastructure Investment Trust.

The NHAI's InvIT was launched in October 2021 with the Canada Pension Plan Investment Board and the Ontario Teachers' Pension Plan Board as anchor investors, and it raised ₹5,000 crore.

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## InvITs...

It initially had a portfolio of five operating toll roads, totalling just short of 400 km, in Rajasthan, Gujarat, Telangana, and Karnataka. PowerGrid's InvIT was listed in May 2021 and it plans to fund projects worth ₹7,500 crore through the InvIT in FY23, according to reports. "InvIT is the next generation of PPP projects. There is an opportunity and people will be willing to invest. Since the agreement will be on a concession basis, the key will be in the details of the concession. Factors such as tariff regulation, the role and responsibility of the government, and risk allocation frameworks will be the key to the success," said Kushal Kumar Singh, Partner, Deloitte India.

However, no one expects launching new InvITs to be smooth sailing for a number of reasons, including Russia's invasion of Ukraine, its impact on global fund liquidity, and the Centre's experiences with PPP projects, which is what the NMP essentially is.

"A big parameter is also how successful you have been with PPPs in the past. The Railways does not have a long history of private sector participation," Singh said. "In asset monetisation, one has to think in terms of bringing in operational efficiencies of the private sector as well. Moreover, InvITs should not be looked at as another mode of borrowing, where one borrows from investors instead of banks," he added.

The rail ministry official said: "We have told our consultants to identify areas where we can use InvITs. Railway assets are different because there is no scope for external operators — everything belongs to us. So a separate assessment is needed on that front." Plans to launch a second InvIT have been postponed. The NHAI was planning 1,500 km of highway assets for the first InvIT but even that has not taken off. "InvITs are not seeing the light of the day in the way they should have. When we talk about asset monetisation, we monetise future cash flows and the private sector efficiency that comes along. It is a pure InvIT only when both aspects are being brought onboard," said another private sector infrastructure analyst, who is advising the Centre on monetisation.