

### Monitoring Monetisation Targets: A Scalable InvIT Approach

When the Hon. Finance Minister set this year's disinvestment and asset monetisation target of ₹80,000 crore in February, market conditions were markedly different. Since then, markets have corrected significantly, making it more challenging to meet both the fiscal deficit target and the disinvestment plan in the current economic environment.

In this context, one segment that remains relatively insulated from market volatility is Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs). The government can leverage this space to achieve most of its target. These instruments have proven to be effective tools for the Government and their entities to monetise income-generating assets through the capital markets. Importantly, the REIT and InvIT markets remain active, with transactions continuing despite broader market fluctuations.

There are several infrastructure assets that generate steady income through tariffs or tolls. These can be bundled into InvITs/REITs and offered to investors. The government has already launched InvITs that are large, well-structured, and actively traded.

At the same time, State Governments hold significant portfolios of similar revenue-generating assets that remain largely untapped for monetisation. If properly structured, InvITs can enable State Governments not only to raise resources but also to support their fiscal deficit targets. The key question is how best to operationalise this opportunity. An optimal approach would be for various State departments and agencies to transfer their eligible assets into centrally sponsored or established InvIT platforms such as NHIT. This would create larger, more diversified asset pools, improve liquidity, attract a broader base of institutional investors, and ultimately lead to better pricing and faster execution.

Rather than each state or agency creating its own InvIT (which would likely result in smaller, fragmented, and potentially suboptimal vehicles) aligning with a centralised InvIT platform offers clear advantages of scale, standardisation, and market credibility. Individual state-level InvITs may struggle with limited size, lower liquidity, and reduced investor interest, whereas a unified platform can aggregate assets across jurisdictions to create a more compelling investment proposition.

Existing InvITs are already performing well and have significant headroom for further scale. NHIT (NHA's flagship monetisation vehicle), for instance, has a market capitalisation of approximately ₹34,126 crore and an enterprise value of about ₹58,500 crore. It has monetised around ₹50,000 crore of assets over the past five years and has demonstrated the capacity to absorb additional assets. Its portfolio comprises 28 toll road assets spanning roughly 13,000 lane kilometres. It has successfully attracted several marquee global institutional investors such as OTPP, CPIB, KKR, and GIC, demonstrating strong investor appetite for stabilised toll road assets and validating the scalability of the InvIT model as a repeat monetisation platform.

With NHA having significantly deleveraged its balance sheet through successive monetisation rounds, and with new highway awards progressing at a measured pace, the pipeline of readily monetisable national highway assets is becoming constrained. In this context, state-owned expressways are emerging as the next frontier for monetisation.

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Currently, state-operated highways and expressways represent an estimated ₹1.4 lakh crore of assets awaiting monetisation. Since 2018, the National Highways Authority of India (NHAI) has monetised assets worth approximately ₹1.22 lakh crore through InvITs (NHIT and Raajmarg) and the Toll-Operate-Transfer (ToT) framework.

State-operated highways present a substantial capital recycling opportunity, supported by a growing pool of mature, revenue-generating assets. Leading state authorities collectively manage over 22,500 km of monetisable stretches, with an estimated aggregate valuation exceeding ₹3 lakh crore. Maharashtra leads this segment, accounting for over 50% of the total estimated asset value among the top six states.

A select pool of high-quality assets with strong revenue potential (supported by predictable, inflation-linked toll income and operational maturity) includes key projects across Maharashtra and Uttar Pradesh. These include the Samruddhi Mahamarg (Mumbai–Nagpur), Bandra–Worli Sea Link, Atal Setu, Coastal Road, Agra–Lucknow Expressway, Purvanchal Expressway, and Gorakhpur Link Expressway. Together, these seven assets represent approximately 1,492 km of operational, toll-generating infrastructure and generate over ₹2,250 crore in annual revenue. This is precisely the type of stable, mature portfolio that InvIT investors have actively sought in the NHAI pipeline, with the potential to generate approximately ₹1.4 lakh crore in upfront value.

Entities such as MSRDC, MMRDC, and UPEIDA carry significant debt arising from the construction of these assets (for instance, MSRDC alone has incurred around ₹55,000 crore for the Samruddhi Mahamarg). Unlocking even a portion of this value through structured monetisation would free up substantial capital for future infrastructure development, reduce debt burdens on state agencies and public finances, transfer operations and maintenance risks to specialised long-term operators, and preserve public ownership of the underlying infrastructure through concession-based structures rather than outright sales.

A coordinated, platform-led approach to monetisation can therefore play a pivotal role in bridging fiscal gaps while accelerating infrastructure development. By aligning state assets with established InvITs rather than pursuing fragmented, standalone vehicles, governments can unlock superior value through scale, standardisation, and stronger investor confidence. This not only ensures more efficient capital recycling but also builds a sustainable pipeline for future monetisation. At a time when traditional disinvestment avenues face headwinds, leveraging InvITs as a unified, scalable mechanism offers a pragmatic and market-aligned path to meeting fiscal objectives while continuing to invest in India's infrastructure growth story.

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