S-3 Invits are steadily making inroads into the Indian financial markets as an instrument of choice of power sector infrastructure. Discuss

India has committed to increase the share of renewables to 50% in the COP 26

In order to achieve Invits in renewable sector is the key.

Renewables and Invits

Predictable and stable cashflows - Invits ~~[illegible]~~ to distribute 90% of earnings to the investors making ideal for long term. Part of LIC funds which is ₹39 trillion can be utilised by the government.

Invits can generate high quality assets such as green hydrogen projects, flex fuels, hybrid vehicles. RBI too permitted Foreign portfolio investments in to Invits

Also, the Invits have concessional long term capital gains tax. that can lure investors for a win - win situation.

As per SEBI Invits invests 80% of assets in projects that are revenue generating. So existing solar and wind power farms can be hugely benefitted.

Invits do have robust corporate governance such as independent trustees and stringent policy disclosures.

Challenges
Regulations regarding Invits are not clearly laid out. As they are traded on stock exchange the returns are subjected to volatily risk.

Thus, Invits can smoothen the captical account budget and also meeting climate targets.