

Fundraising via REITs & InvITs hits all-time low

PRESS TRUST OF INDIA

New Delhi, 2 April

Higher yields on bonds, lack of new launches, limited availability and awareness among investors have made emerging investment instruments REITs and InvITs less attractive with fundraising hitting an all-time low at ₹1,166 crore in 2022-23.

Going forward, a change in the tax rule on distributions classified as repayment could lead to a substantial increase in tax liability as it will be taxed as 'other income' in the hands of the investor, making the instruments less attractive, Manavi Prabhu, Head Fixed Income, Anand Rathi Shares and Stock Brokers, said.

These assets will have to either generate better underlying yields or will have to reduce the price to ensure that they are more attractive than existing fixed-income investment options, he added.

According to data compiled by PRIME Database, ₹1,166 crore was mobilised by real estate investment trusts (REITs) and infrastructure investment trusts (InvITs) together in FY23.

In comparison, ₹13,841 crore was raised in 2021-22 through these avenues.

Before that, ₹33,515 crore was mobilised in 2020-21. Besides, ₹2,306 crore was collected in 2019-20, ₹8,847 crore in 2018-19, and ₹7,283 crore in 2017-18, PRIME Database noted.

₹1,166 crore was mobilised by REITs and InvITs together in 2022-23. In comparison, ₹13,841 crore was raised in 2021-22 through these avenues