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## Cabinet approves SUUTI revival, okays 4G spectrum fee refund to BSNL, MTNL

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Aiming to generate funds, the Government has revived the Specified Undertaking of UTI (SUUTI), a move which would facilitate selling of its holdings in three private firms namely ITC, L&T and Axis Bank. The Union Cabinet on Thursday approved the decision on a proposal moved by the Finance Ministry.

In yet another decision, the Cabinet also decided to give financial support to the two loss-ridden telecom operators, Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL). Cabinet approved refund of ₹11,258.48 crore to both the companies on surrender of Broadband Wireless Access (BWA) spectrum by them.

SUUTI holds 11.54 per cent stake in ITC, 23.58 per cent in Axis Bank and 8.27 per cent in Larsen & Toubro which are valued around ₹40,000 crore. With its revival, the Government would be aiming to garner this much amount, though the sale would have to be timed with ideal market conditions.

"The proposal of the Finance Ministry (with regard to SUUTI) has been approved," Information and Broadcasting Minister Manish Tewari told reporters after a meeting of the



Union Cabinet.

The Cabinet had in March 2012 cleared the proposal to wind up SUUTI and created in its place the National Financial Holdings Company Ltd (NFHCL).

However, as reported by *The Pioneer* on January 8, the Finance Ministry had moved a note to the Union Cabinet seeking to reverse the March 2012 cabinet decision, mainly with the aim of raising funds by selling SUUTI's stake in ITC, Axis Bank and L&T, as an alternative to its divestment plan, which the Government has been finding difficult to fulfill.

The step to scrap the previous Cabinet decision to make SUUTI defunct was undertaken by the Finance Ministry as it was realised by the Government that as a public financial institution, SUUTI was in a better position to deal with its investment, divestment and other activities like filing cases under SARFAESI Act, and more significantly transact

any kind of financial business, whereas NFHCL has no such powers, sources informed.

Another advantage with SUUTI was that it had the powers to sell of its shares by timing their sale with the prevailing market conditions whereas NFHCL cannot dispose off its assets without prior approval of the Union Cabinet.

Meanwhile in the case of MTNL and BSNL, Cabinet's nod comes as a breather. Both the firms had approached for a refund of the entire amount they had paid for BWA spectrum which neither of them has used till now. After the Cabinet's nod, BSNL would receive ₹6,724.51 crore and MTNL would get ₹4,533.97 crore as refund.

The decision would help provide financial support to both companies which have been operating under enormous losses. As on March 2013, BSNL posted net losses of ₹24,681 crore and MTNL's loss stood at ₹14,633 crore.