

MINUTES OF THE 136th MEETING OF THE BOARD OF TRUSTEES OF THE SEAMENS' PROVIDENT FUND ORGANIZATION (SPFO), MUMBAI, HELD ON THURSDAY, THE 30th JULY, 2020 AT 12.00 P.M THROUGH GOOGLE MEET.

The meeting was chaired by Shri.Amitabh Kumar, IRS, Director General of Shipping and Chairman of Board of Trustees, SPFO.

Following members were present in the Board:-

1. Shri.Amitabh Kumar, IRS	...	Chairman
2. Shri.Vivek Ashish	...	Member
3. Capt.Daniel Joseph	...	Member
4. Capt.Rajesh Tandon	...	Member
5. Capt.Mahendra Pal Bhasin	...	Member
6. Shri.Abdulgani Y Serang	...	Member
7. Shri.Amar Singh Thakur	...	Member
8. Shri. S Kalaikovan	...	Member
9. Shri.Surendra Kumar	...	Secretary

2. Shri. S. K Aggarwal, Additional Central Provident Fund Commissioner, EPFO vide email dated 30.07.2020 informed that due to busy schedule, he will not be able to attend the meeting. Shri.P K Rane attended the meeting in place of Ms.Vaishali S Ladi representing INSA.

3. Accordingly, leave of absence was granted to the above member. Shri. Ajit Dange (Vice President – Portfolio Management Services) and Shri.Ravi Ratanpal of SBI Fund Management Pvt Ltd, portfolio manager of SPFO was invited as special invitees for briefing on investment matters.

4. Thereafter, the following Agenda Items were taken up for discussion.

Agenda Item No. 1: Confirmation of the Minutes of the 135th Meeting of the Board of Trustees, Seamen's Provident Fund Organization, Mumbai held on 12/03/2020.

1.2 Shri.Abdulgani Y Serang suggested that in the members present in the Board, the first serial number should be of Shri.Amitabh Kumar – Chairman.

1.3 Minutes of the 135th meeting of the Board of Trustees, Seamen's Provident Fund held on 12/03/2020 was confirmed with above modification.

Agenda item No.2 :**Action Taken Report**

(A) Pertaining to action points that had emerged in the 135th meeting held on 12/03/2020:-

Sr. No.	Agenda	Subject	Action taken	Decision taken
1	Agenda item No.2, Sr.No.1 (under Action Taken Report) in the 135 th Board meeting held on 12.03.2020	(Digitization of old records of SPFO).	(1) In the 135 th meeting, Chairman enquired that why not 100% completed. It was informed by the Commissioner that some of the big registers like cash book, expense registers requires big scanning machine which will be brought by the vendor for digitizing the same. Due to lockdown he was not able to bring the machine therefore, the work was not completed.	Chairman enquired that which documents are pending. It was informed by the Commissioner that some of the odd big size registers like cash book, expense registers requires big machine which will be brought by the vendor for digitizing the same. Further, Chairman enquired that what is done with the digitized document. Commissioner informed that whenever required the documents can be retrieved. Chairman stated that the digitized documents should be converted into digital file. The whole idea is to convert the data into digital file and link with e-office of DGS. This is to be completed within a month. Capt.Rajesh Tandon stated that all Board documents should be made available in website. Board decided to convert the digitized data into digital file for e-office and the documents pertaining to Board, like minutes should be uploaded in SPFO website under the tab 'Board' and the access shall be given to the Trustee Members.
2	Agenda item No.2, Sr.No.2 (under Action Taken Report) in the 135 th Board meeting held on 12.03.2020	E-Banking & Development of New Application Software in Microsoft Visual Basic (latest version) / Microsoft VB Net or any other latest Software Development Platform and switchover from existing System with migration of existing data.	Board decided that a webinar / seminar should be organised for the shipping companies to get familiar with the system and manuals should be provided to the shipping companies for better understanding.	Commissioner informed that a webinar / seminar is scheduled to be held on 6th August, 2020 at 11.00 a.m for the shipping companies to get familiar with the system and manuals should be provided to the shipping companies for better understanding Chairman enquired that what was the time line of submission of software and if not done in time then penalty should be imposed on the vendor.

				Commissioner informed that STPL had stated that they will handover the software till 31.03.2020. It is observed that gross delay in completing the project, the chairman asked to invoke penal clauses of the Agreement with the STPL, if required. Board decided that a letter may be issued to STPL penalizing them for delay of delivery of the software.
3	Agenda item No.2, Sr.No.4 (under Action Taken Report) in the 135 th Board meeting held on 12.03.2020	Amendment in Recruitment Rules.	The RRs for staff has been submitted to DGS for approval vide this office letter dated 17th February, 2020. Reply is awaited.	Commissioner informed that it is informed by DGS that a Committee is formed and they are working on the amendment of Recruitment Rules.
4	Agenda item No.2, Sr.No.5 (under Action Taken Report) in the 135 th Board meeting held on 12.03.2020	Settlement of unclaimed amount of 4483 seafarers of the unclaimed amount of Rs.47.19 crores.	Secretary informed that 553 cases amounting Rs.15.38 crores has been settled as on date. An email dated 10.07.2020 was sent to Shri.Kalaikovan forwarding list of pending unclaimed amount for addresses of the Seafarers. Reply is awaited.	Commissioner informed that SPFO had sent an email to Shri.Kalaikovan forwarding list of pending unclaimed amount for addresses of the Seafarers. Accordingly, an email dated 28.07.2020 is received wherein it is informed that due to lockdown they were not able to speed up the process. Shri.Kalaikovan stated that they have enquired with few seaman and they informed that they have received FW payment. Board decided that a list of the Seafarers who have not received the FW payment may be shared with the NUSI.
5	Agenda item No.2, Sr.No.6 (under Action Taken Report) in the 135 th Board meeting held on 12.03.2020	Actuarial Valuation for SPF Staff / Officers, Pensioners, Gratuity, Leave Encashment, etc.	1) On 30.06.2020, a draft Actuarial valuation for the financial year 2018-19 is received from M/s.Global Risk Consultant amounting Rs.17.76 Crores. It is stated that there is a balance of Rs.8.90 in Staff Pension Gratuity Account therefore there is a gap of Rs.8.85 crores. 2) The Board decided that fund position should be planned to fill the gap within a span of two years with the help of CA / Internal Auditor.	Commissioner informed that as per the Actuarial valuation for the financial year 2018-19 for Rs.17.76, there is a gap of Rs.8.85 in Staff Pension Gratuity Account. Commissioner informed that an agenda item No.4 is placed for appointment of Internal Auditor who will plan to fill the gap within a span of two years. Board noted the position.
6	Agenda item No.2, Sr.No.7 (under Action Taken Report) in the 135 th Board meeting held on 12.03.2020	Internal Repair / Renovation of office premises of SPFO.	Due to lockdown, few minor works is pending and the water proofing of terrace is completed. Board noted the position.	Commissioner informed that due to lockdown, the few minor work pending. Chairman enquired whether any letter was written to CPWD. The Commissioner informed that a letter was sent to CPWD with list of pending work.

				Board decided that as the work has been started in LRIT, Nav Bhavan, write a letter to CPWD to finish the minor pending work.
7	Agenda item No.2, Sr.No.8 (under Action Taken Report) in the 135 th Board meeting held on 12.03.2020	Administrative charges.	A letter dated 13.07.2020 was sent to MUI along with the copy of letter dated 17.12.2019 to inform their member companies to deposit PF of officers.	Shri.Amar Singh Thakur informed that they have informed their member companies to deposit PF of officers. Chairman enquired how many shipping companies are remitting PF of officers and accordingly Commissioner informed that 191 letters sent to the various shipping companies and out of that 60 (approximately) shipping companies are depositing PF of officers. Chairman instructed that a list should be prepared wherein the number of companies who were sent the letters and who have responded and who have not responded should be prepared. Shri.Abdulgani Y Serang stated that letter for deposit of PF of officers were sent to Indian and foreign flag vessels. Chairman stated that an Indian Seafarer whether in Indian flag or Foreign Flag does not matter. Shri.Abdulgani Y Serang stated that SPFO Act is applicable to Seafarers who sign Indian Article of Agreement whereas Foreign flags don't sign. Foreign flag vessels are depositing PF as per bilateral agreement between NUSI and shipping companies. Board decided that an amendment may be made in the SPF Act so that Foreign flag owner can also come under the ambit of Act.
8	Agenda item No.2, Sr.No.9 (under Action Taken Report) in the 135 th Board meeting held on 12.03.2020	Non-settlement of PF dues, due to various reasons. Financial year from 1999-2000 to 2008-09. Out of 15 cases of Seafarers, 5 cases are settled.	Board decided to take the help of NUSI, Mumbai and Chennai for the latest addresses. Reminder letters dated 01.06.2020 were sent to all the remaining 10 Seafarers.	Board decided to upload the list on the website.
9	Agenda item No.2, Sr.No.10 (under Action Taken Report) in the 135 th Board	Exemption under Section 20 of Seamen's Provident Fund Act 1966 to Shipping Companies	A letter dated 22.05.2020 and a final reminder dated 16 th July, 2020 was issued to Tolani to provide the details of the representation of Seafarer in Trust and date of their inclusion as	Commissioner briefed the members stating that M/s.Tolani vide letter dated 22.05.2020 and a final reminder dated 16 th July, 2020

	meeting held on 12.03.2020		member in trust with address and if not provided within 15 days, the matter will be closed.	was informed to submit details of the representation of Seafarer in Trust and date of their inclusion as member in trust with address. Shri.Abdulgani Y Serang stated that while examining the shipping companies opting for exemption to deposit PF, it is to study that whether it is more beneficial than SPFO. Further, Shri.Serang stated that "the matter will be closed" should be replaced with "the matter is turned down." Board decided that any exemption letter received from the shipping companies should be examined by the Committee formed and then should be placed before the Board.
10	Agenda item No.2, Sr.No.11 (under Action Taken Report) in the 135 th Board meeting held on 12.03.2020	Appointment of Portfolio Manager for the period of two years 2018-19, 2019-20 and 2020-21.	RFP for appointment of portfolio manager is recommended by Consultant evaluation Committee on 8 th July, 2020 for appointment of portfolio Manager.	Commissioner briefed the members stating that RFP for appointment of portfolio manager is recommended by the Consultant evaluation Committee (CEC) on 8th July, 2020. Chairman enquired that who has prepared the RFP and accordingly Commissioner informed that M/s.CRISIL has prepared the RFP who has been appointed as a consultant to appoint portfolio manager. Further, Commissioner informed that CEC has examined the RFP. Chairman stated that SPFO should not be fully dependent upon M/s.CRISIL. It is required to be checked whether SPFO's requirement is taken care of. Board decided that Shri.Vivek Ashish should be added in the CEC and RFP should be sent to him for his suggestion/comment. Meanwhile, the process of bidding should not be stopped.
11	Agenda item No.5 in the 135 th Board meeting held on 12.03.2020	Contributory Annuity Fund Scheme for Seafarers	Board decided to send a proposal for amendment of Act to the Ministry. As per trustee's suggestion, a standalone meeting will be held shortly.	Commissioner informed that a draft amendment was sent to Shri.Serang and Shri.Barguzer and few comments were received from them. Accordingly, a standalone BoT meeting is scheduled to be held on 10th August, 2020 for further action. Chairman stated that all employers should be covered in the ambit of SPFO Act while

12	Agenda item No.2, Sr.No.14 (under Action Taken Report) in the 135 th Board meeting held on 12.03.2020	Dewan Housing Finance Corporation Ltd : Rating Downgraded by rating agency CARE	It is stated that SPFO has notified an e-tender for appointment of Internal auditor for two years from 2020 to 2022 and under the 'scope of work' internal auditor is required to formulate a provision in Interest Suspense account to take care of loss incurred due to investment in market as decided by the Board.	amending it. Shri.Dange informed that DHFL had invited process of inviting bids they are trying to sell the company as whole or in part. Some parties have asked for physical inspection therefore the process of assessing the assets is delayed. The initial response is very encouraging as 8 bids received. The estimated amount recovery is 60% of the principal amount and in worst it is minimum 47%. Shri.Rane enquired that do Rs.104 crore includes interest. Accordingly, Shri.Dange informed that the DHFL has defaulted from July 2019 and if interest calculated at 7 to 7.5% the amount will be approximately Rs.111 crores. Chairman enquired that how we can be sure that the invested company is vetted. Dange informed that ILFS has defaulted which was graded as 'AAA+' but still they have defaulted. Therefore they are investing in safe bonds with no risk factor but low interest. Chairman enquired regarding EPFO and accordingly Shri.Dange informed that EPFO has investment of 12,00,000 crore and whenever they find risk they directly engage and negotiate for buy back. Commissioner stated that after the appointment of Internal Auditor as placed in Agenda item No.4, they will make provision in Interest suspense account to take care of loss incurred due to bad investment.
13	Agenda item No.2, Sr.No.15 (under Action Taken Report) in the 135 th Board meeting held on 12.03.2020	Implementation of rate of interest with prospective effect.	Provision rate of interest facility is not available in the existing software. M/s.STPL has been requested to re-engineer the interest calculation module in SPFO Accounting system as decided by BoT and the work is in progress.	Chairman enquired whether it is permissible to crediting provisional rate of interest before taking approval from Ministry. Accordingly, Commissioner informed that SPF Act does not allow provisional rate of interest. Commissioner informed that since inception rate of interest was decided on anticipated interest receivable on accrual

				basis. From last year, the Ministry is asking for actual interest received as on 31st March. Therefore, approved rate of interest received is delayed due to which the account closing is also delayed. Chairman stated that the provision should be made in the system keeping in mind the future requirement. Board decided that a letter may be sent to the Ministry in February, 2020 for proposed rate of interest on anticipated Interest calculated on accrual basis.
14	Agenda item No.2, Sr.No.16 (under Action Taken Report) in the 135 th Board meeting held on 12.03.2020	Appointment of firm of Chartered/ Cost Accountants as Internal Auditors for the Seamen's Provident Fund Organization, Mumbai for a period of 2 years i.e. 2020-21 and 2021-22.	23 technical bids were received from the various CA firms and the scrutiny is under process. Board directed to complete the process as early as possible.	The matter is discussed under agenda item No.04.
15	Agenda item No.2, Sr.No.17 (under Action Taken Report) in the 135 th Board meeting held on 12.03.2020	Filling of the vacant post in SPFO	A committee has been constituted to recruit of four Junior Assistants and one MTS. The work is in progress.	Board noted the position.
16	Agenda item No.2, Sr.No.19 (under Action Taken Report) in the 135 th Board meeting held on 12.03.2020	Minutes of 22 nd Audit Committee meeting held on 07.10.2019 for the 3 rd and 4 th quarter ending 31.12.2018 and 31.03.2019 respectively.	Due to lockdown the matter could not be pursued. Correspondence with banks and opening of account is in progress.	Commissioner informed that CLTD account is opened with SBI, Main Branch, Mumbai. Board noted the position.
17	Agenda item No.7 in the 135 th Board meeting held on 12.03.2020	Final Payment of Provident Fund to seafarer, who voluntarily leaves the seafaring profession	The Board decided that SPFO may comply with the documents required under Para 59(2) while applying for final withdrawal i.e. cancellation of CDC and further suggested to block such CDC's in the DGS e-system who have already taken voluntary retirement for further migration by providing a list to E-Gov of DGS and concerned Shipping Masters. The matter is under process.	Commissioner informed that the list of CDC who have opted voluntary retirement is being prepared and will be sent to DGS. Shri.Abdulgani stated that if a Seafarer is getting chance after voluntary retirement then is it possible to issue another CDC. Chairman stated that a serving employee cannot take Final Withdrawal of Provident Fund on ground of voluntary retirement. If he has withdrawn, then he is no more in this profession. Capt. Rajesh Tandon stated that Seafarer can withdraw PF through Para 58 for marriage, medical, house building etc.

Agenda item No.03 :-

Fixation of rate of interest for credit to the members Account for the year 2019-20.

3.1 Commissioner informed that Finance Sub-Committee has recommended rate of interest @ 7.25% for the financial year 2019-20. Chairman enquired about total income received by way of interest. Commissioner informed that Rs.186 Crore is the total anticipated balance for disbursement in Interest Suspense account. Further, Chairman enquired that how much excess amount is carried forward to next year. Commissioner informed that a cushion of Rs.49.11 crore (approx.) is kept for next year and SPFO has been keeping a cushion of 40 to 50 cores every year. The reason for downgrading from 8.25 last year to 7.25 this year was explained by Fund Manager. He also explained about our bad investment and bad market condition which pulled down our income by way of interest on investment. After prolonged discussion, members agreed to recommend the rate of interest 7.25% to credit in members account for the financial year 2019-2020

3.2 The Board recommended 7.25% rate of interest for the financial year 2019-20 and directed to send the proposal to Ministry of Shipping for Government approval.

Agenda item No. 04 Appointment of firm of Chartered/Cost Accountants as Internal Auditors for the Seamen's Provident Fund Organization, Mumbai for a period of 2 years i.e. 2020 - 21 and 2021 - 22.

4.1 Commissioner informed that the Finance Sub-Committee recommended the lowest bidder L1 M/s.Goyal Parul & Co as Internal Auditor for a period of two years i.e. 2020-21 and 2021-22.

4.2 Chairman enquired whether L1 is technically qualified and Commissioner informed that out of 23 bids only 10 bidders qualified technically in bids and out of 10 bidders, M/s Goyal Parul & Co is L1.

4. Board approved M/s. Goyal Parul & Co being the lowest bidder L1 as Internal Auditor for a period of two years i.e. 2020-21 and 2021-22 at a fee of Rs.139,997/- per annum.

Agenda item No.5 Enhancement of investment in Equity from 5% to 15%

5.1 Commissioner briefed the members that the members of Finance Sub-Committee except Additional Central Provident Fund Commissioner (MH & CH) have given their consent for enhancement of investment in equity from 5% to 15%.

5.2 Shri.Dange stated that it is 5 to 6% invested in equity in the financial year 2019-20 and as of now 12 to 13% is done in equity during the financial year 2020-21 and when market provides opportunity in March then they can go for 15%. Shri.P.K Rane enquired that whether 5% is Minimum and accordingly Shri.Dange informed that 5% is minimum and 15% is maximum as per investment pattern prescribed by the Government of India. Chairman enquired whether it is incremental and Shri.Dange informed that it is on incremental investment.

5.3 Shri.P K Rane stated that what is rate we will get in nifty and Shri.Dange informed that now it is 34% which is available in SBI nifty.

5.3 Board decided to enhancement of investment in equity from 5% to 15% in SBI Nifty.

Agenda item No. 6 **Clearance of Un-posted Items.**

6.1 Commissioner informed that an official was appointed to clear the un-posted. But due to pandemic and he was tested positive Covid- 19, the unposted was not cleared.

6.2 Board noted the position.

Agenda item No.7 **Status of Court Cases (Including Doubtful Investment).**

7.1 Commissioner informed that a letter was sent to Ministry of Law and Justice to change the Advocate Jyotsna Pandhi, who was looking recovery suit in Mumbai High Court. The change of Advocate has been considered by Law Ministry. In other Court Cases, status remains unchanged due to lock down.

7.2 Board noted the position.

Agenda item No.8 **Investment made for the period from 01.04.2019 to 31.12.2019**

8.1 Commissioner briefed the members and stated that the agenda was for investment for the period from 01.04.2019 to 31.12.2019 but in the Finance Sub-Committee the members decided to provide investment from 01.04.2019 to 31.03.2020 which is placed in the Table Paper 2.

8.2 Chairman enquired about the total amount invested and the holdings in securities and accordingly Commissioner informed that total invested amount is Rs.2026 crores and amount invested in Central / State Govt is Rs.1003 crores, PSU Rs.608 Crores, RBI(SDS) Rs.341 crores and equity Rs.71 crores approximately.

8.3 Chairman enquired that the enhancement to 15% is for incremental or during the year and accordingly Shri.Dange informed that it is for during the year investment. Chairman enquired that Why can't we have 15% of total investment. Shri.Dange informed that investment guidelines are for during the year investments.

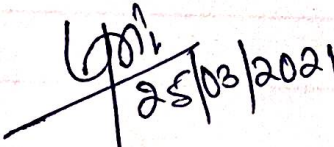
8.4 Board noted the position.

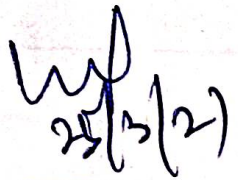
T.P.1 Commissioner informed that the minutes are for information only and the same will be confirmed by the Committee in the next meeting.

5. Chairman enquired whether any other items, members has to raise. Accordingly, Shri.Amar Singh Thakur stated that his name to be included in the Finance Sub-Committee. Board decided to include Amar Singh Thakur as member in Finance Sub-Committee.

6. Commissioner informed to the Board that the budget approval for 2020-21 is still pending in the Ministry though Seamen's Provident Fund Organisation have replied to their queries, last one on 29.07.2020. Shri.Vivek Ashish informed that the proposal is not received in Finance wing till date, however he will look into the matter in the Ministry.

7. The meeting ended with vote of thanks to the Chair.


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नाविक अधिष्य निधि
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