

MINUTES OF THE 138th VIRTUAL MEETING OF THE BOARD OF TRUSTEES OF THE SEAMENS' PROVIDENT FUND ORGANIZATION (SPFO), MUMBAI, HELD ON TUESDAY, THE 16th MARCH, 2021 AT 03.00 P.M.

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.Subhash Barguzer	...	Member
3. Capt.Rajesh Tandon	...	Member
4. Capt.Mahendra Pal Bhasin	...	Member
5. Shri.P K Rane	...	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.Vivek Ashish telephonically informed that due to pre-occupied commitments he will not be able to attend the meeting. Shri.S.K Aggarwal, Additional Central Provident Fund Commissioner, EPFO telephonically informed that due to preoccupied commitments he will not be able to attend the meeting.

3. Accordingly, leave of absence was granted to the above members. Shri. Ajit Dange, Vice President – Portfolio Management Services, Shri.Ravi Ratanpal of SBI Fund Management Pvt Ltd, portfolio manager of SPFO, Shri. David Das and Shri.Piyush Gupta, CRISIL, were invited as special invitees for briefing on investment matters and appointment of Custodian.

4. The following Agenda Items were taken up for discussion.

Agenda Item No. 1: Confirmation of the Minutes of the 137th Meeting of the Board of Trustees, Seamen's Provident Fund Organization, held on 11th January, 2021.

1.1 Commissioner informed that two emails dated 28.01.2021 and 02.02.2021 were received from Shri.Abdulgani Y Serang of NUSI and Shri.Amar singh Thakur suggesting that the last line of para 3.8 "After prolonged discussion, the employee and employer unions / organisation, principally agreed to implement the welfare scheme i.e. Pension Scheme and Gratuity scheme for Seafarers." should be changed and read as "After prolonged discussions, the Board principally agreed to implement the welfare schemes i.e. Provident Fund scheme, Pension Scheme and Gratuity Scheme for all ranks of seafarers serving on Indian and foreign flag ships".

1.2 An email dated 28.01.2021 was received from Capt.Mahendra P Bhasin suggesting that the para 3.5 "Capt.Mahendra Pal Bhasin stated that they are required to pay social benefit of seafarer's to Singapore / Hong Kong and therefore PF deposited in SPFO is burden on them. Chairman opined that if shipping companies are making payment to Singapore / Hongkong, they are expected to make payment of Seafarer's welfare scheme honouring the law of land from where they are operating the business." should be changed and read as "Capt.Mahendra Pal Bhasin stated that the employer's group support the initiative of Seafarers social benefits implementation using the law of the land and spirit of the MLC prescribing no less favourable protection that is enjoyed by shore workers. Capt.Mahendra Pal Bhasin further stated that they are paying for JSU/ Singapore in similar schemes and same may be kept in mind while the quantum is being specified in welfare schemes as it is the additional cost. Capt.Mahendra Pal Bhasin also stated that they have earlier proposed for adopting EPFO model."

1.3 An email dated 16.03.2021 is received from Capt. Rajesh Tandon stating that the para 3.6 "Capt.Rajesh Tandon stated that they have placed a proposal with DGS stating that they will go for EPFO module wherein Rs.15,000/- is the upper limit." Should be changed and read as "Capt.Rajesh Tandon stated that employers representatives are on record in support the PF element suggesting that the principles applied to shore workers under the EPFO scheme is replicated. He further pointed out that the EPFO Rules provides equal payment of 12% by both the employer & employee and where the maximum cap to apply the 12% is capped at Rs. 15000."

1.4 Minutes of the 137th meeting of the Board of Trustees, Seamen's Provident Fund held on 11/01/2021 was confirmed with above modifications.

Agenda item No.2 : Action Taken Report

(A) Pertaining to action points that had emerged in the 137th meeting held on 11/01/2021:-

Sr. No.	Agenda	Subject	Action taken	Decision taken
1	Agenda item No.2, Sr.No.1 (under Action Taken Report) in the 137 th Board meeting held on 11.01.2021	(Digitization of old records of SPFO).	Action completed. Digitization of odd & big size registers has been commenced from 3 rd November, 2020. Meanwhile E-office has been started from November 2020.	Commissioner informed that all the pending digitization work is completed. However, it is a continuous process. Board noted the position.
2	Agenda item No.2, Sr.No.2 (under Action Taken Report) in the 137 th Board meeting held on 11.01.2021	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.	(1)(a) Action completed. Commissioner Informed that remittance of PF in new software commissioned from 01.10.2020 is in place. (1)(b) Action completed. The Seafarer module for payment of NRW / FW is	Board noted the position..

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			operational from 04.03.2021.	
3	Agenda item No.2, Sr.No.3 (under Action Taken Report) in the 137 th Board meeting held on 11.01.2021	Amendment Recruitment Rules. in	A letter dated 12.02.2021 is received from DGS seeking information / justification and accordingly a reply is forwarded on 05.03.2021.	Board noted the position.
4	Agenda item No.2, Sr.No.4 (under Action Taken Report) in the 137 th Board meeting held on 11.01.2021	Settlement of unclaimed amount of 4483 seafarers of the unclaimed amount of Rs.47.19 crores.	1) Shri Abdulgani Y Serang informed that due to Covid 19 they were not able to contact seafarer for unclaimed amount and some more time is required to furnish the details. 2) Information regarding list of unclaimed amount of Seafarers is shared with FOSMA, MASSA and INSA vide email dated 23.02.2021.	1) Shri Abdulgani Y Serang stated that NUSI team is working on it. Commissioner informed that out of 4483 cases, 1300 cases have been resolved. Capt.Rajesh Tandon appreciated and stated that it was due to NUSI's efforts 1300 cases have been resolved. Board noted the position.
5	Agenda item No.2, Sr.No.5 (under Action Taken Report) in the 137 th Board meeting held on 11.01.2021	Actuarial Valuation for SPF Staff / Officers, Pensioners, Gratuity, Leave Encashment, etc.	1) M/s.Goyal Parul & Co vide email dated 05.03.2021 submitted a plan to make provision in the fund in the next 3 years so that the deficit can be recouped which is placed at Annexure 'A' . 2) M/s.Global Risk consultant has submitted Actuarial valuation for the year 2019-2020 on 08.03.2021 amounting Rs.1913.10 lakhs is placed at Annexure 'B' .	1) Commissioner informed that Rs.8.18 crores is deficit as per the actuarial valuation for the year 2018-19 and Internal auditor has suggested to recoup as following :- 2020-21 – 3.18 crores 2021-22 – 3.00 crores 2022-23 – 2.00 crores Commissioner stated that SPFO has made provision of Rs.2.92 crores in the revised budget to transfer fund from Admn account to pension gratuity fund. Shri.P K Rane stated that provision is to be made in 2019-2020 for actuarial valuation accordingly Commissioner informed that the same is disclosed in notes of accounts. Board noted the position. 2) Commissioner informed that Rs.9.20 crores is deficit as per the actuarial valuation for the year 2019-2020. Capt.Rajesh Tandon pointed out that PF of officers is also submitted by the Indian Shipping

				companies therefore the deficit amount can be recouped. Board decided that the Indian shipping companies who are not submitting PF of officers should be strictly dealt with and if not depositing PF of officers then the DOC of the shipping companies should be cancelled.
6	Agenda item No.2, Sr.No.6 (under Action Taken Report) in the 137 th Board meeting held on 11.01.2021	Internal Repair / Renovation of office premises of SPFO.	A reminder was issued on 08.03.2021 to finish the minor pending work and handing over of the premises.	Board noted the position
7	Agenda item No.2, Sr.No.8 (under Action Taken Report) in the 137 th Board meeting held on 11.01.2021	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.	List of the 10 Seafarers whose PF dues are not settled due to various reasons is forwarded to NUSI vide email dated 23.02.2021.	Board noted the position.
8	Agenda item No.2, Sr.No.9 (under Action Taken Report) in the 137 th Board meeting held on 11.01.2021	Exemption under Section 20 of Seamen's Provident Fund Act 1966 to Shipping Companies	A meeting of exemption Committee for considering exemption to M/s.Tolani Shipping was held on 04.03.2021 and the minutes are enclosed at Annexure 'C' for information and further decision of the Board.	Shri.Abdulgani Y Serang deliberated on the issue and stated that in the current scenario, shipping companies like Varun Shipping are declared insolvent and the Seafarers are not getting their statutory dues. He further stated that rate of interest on PF accumulation criteria should not be the only issue, security and sustainability should also be looked into. He also stated that since SPFO is introducing Pension / Gratuity Scheme as a statute for Seafarers, if exemption is given to the companies then the Seafarers will not be able to enjoy the benefits of pension / Gratuity Scheme. Capt.Rajesh Tandon stated that if exemption in deposit of PF is permitted under law of land then how

				it can be denied and pros and cons should be examined. He further stated that there are only few members of BoT is in the exemption Committee. Chairman stated that we cannot deny as per law of land but SPFO can put protection for Seafarers while providing exemptions to shipping companies. Chairman further stated that M/s.Tolani shipping should be asked to come before the Board and declare the health of the company, investment of PF amount, whether properly audited and many other issues etc. All the issues should be examined and if found dodgy then SPFO can decline. Board decided to add Shri. P K Rane as member of the exemption Committee and evaluate the exemption with pros and cons, safety of Seafarers, health of the company and all other details and submit to Board.
9	Agenda item No.2, Sr.No.10 (under Action Taken Report) in the 137 th Board meeting held on 11.01.2021	Appointment of Portfolio Manager for the period of two years 2018-19, 2019-20 and 2020-21.	Action completed. Appointment order vide letter dated 08.02.2021 is issued to SBI FM as Portfolio Manager of SPFO	Board noted the position.
10	Agenda item No.2, Sr.No.11 (under Action Taken Report) in the 137 th Board meeting held on 11.01.2021	Contributory Annuity Fund Scheme for Seafarers	1) Shri.Ash Mohammed, DDG was busy with Maritime India Summit 2021, therefore, meeting was not conducted on the issue. 2) Meanwhile, a memorandum is received by PMO via CPGRAM submitted by SUI and Retired Merchant Navy Sailors' Association of India is placed at Annexure 'D'. Board may kindly advice on the matter.	1) Board noted the position. 2) Board decided that a Sub-Committee may be constituted consisting of the Finance Sub-Committee of SPFO, SWFS and it should decide after checking facts and figures.

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11	Agenda item No.2, Sr.No.12 (under Action Taken Report) in the 137 th Board meeting held on 11.01.2021	Dewan Housing Finance Corporation Ltd : Rating Downgraded by rating agency CARE	1) M/s.Goyal Parul & Co has vide email dated 08.03.2021 requested for a weeks' time for forming their opinion and advise about the accounting treatment for such losses incurred due to bad investment. (Annexure- 'E'). 2) Action completed. The matter was discussed in the Finance Sub-Committee meeting on 12/01/2021 and final verdict on e-voting was conveyed to SBI FM.	1) Board noted the position. 2) Board noted the position.
12	Agenda item No.2, Sr.No.15 (under Action Taken Report) in the 137 th Board meeting held on 11.01.2021	Filling of the vacant post in SPFO	1) It is informed that an advertisement in weekly Employment News was published on dated 6-12 February, 2021 and accordingly applications are received from the candidates. The last date of submission of application is 13.03.2021. 2) Recruitment Committee meeting is scheduled to be held on 09.03.2021.	Board noted the position.
13	Agenda item No.2, Sr.No.16 (under Action Taken Report) in the 137 th Board meeting held on 11.01.2021	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.	Action completed. The CLTD account is closed.	Board noted the position.
14	Agenda item No.2, Sr.No.17 (under Action Taken Report) in the 137 th Board meeting held on 11.01.2021	Final Payment of Provident Fund to seafarer, who voluntarily leaves the seafaring profession	Action completed. A list of Seafarers who has voluntarily left the Seafarers profession was sent to DGS on 22.09.2020.	Board noted the position.
15	Agenda item No.3 in the 137 th Board meeting held on 11.01.2021	Fixation of rate of interest for credit to the members Account for the year 2019-20.	Action completed. It was informed that a letter dated 06.01.2021 is received from the Ministry approving rate of interest @ 7.25% for the financial year 2019-2020.	Board noted the position.
16	Table Paper No.1 in the 137 th Board meeting held on 11.01.2021	Revised Estimates for the Financial year 2020-21 and Budget Estimates for the Financial year 2021-22	Action completed. Revised Estimates for the Financial year 2020-21 and Budget Estimates for the Financial year 2021-22 is forwarded to the Ministry for approval vide letter dated 3 rd February, 2021.	Board noted the position.

Agenda item No.3

Annual Accounts for the Financial year 2019-2020

3.1 Capt.Rajesh Tandon stated that SPFO have surplus of Rs.164.67 lakhs in Administrative Account as compared to Rs.150.69 lakhs pertaining to 2018-19. Therefore, the percentage of increase in Admin charges is now not required. Commissioner informed that as per actuarial valuation for the financial year 2019-2020, the total liability towards Pension and Gratuity Fund of SPFO staff is Rs.19.13 crores and hence deficit of Rs.9.20 crores is to be recouped from Administrative Account only.

3.2 The Board deliberated on the statement of accounts and thereafter adopted and approved the Annual Account for the Financial Year 2019-2020 as per the recommendations of the Finance Sub-Committee.

Agenda Item No.4:-

Annual Report on working of seamen's Provident Fund Scheme, 1966 for the year 2019-2020.

4.1 Chairman suggested that in the 'Year at a glance' decrease / increase in interest received during the year should be mentioned as a percentage basis also.

4.2 Shri.Abdulgani Y Serang in the 67th FSC meeting has emphasised that a note should be placed in the Annual report that PF contributions received from foreign vessels is due to bilateral agreement with National Union of Seafarers of India (NUSI) & Employers. The Board decided that a note be placed at 'Other disclosures' under Schedule no.25 to Annual Accounts.

4.3 The recommendations of Finance Sub-Committee were considered by the Board and the Annual Report for the year 2019-2020 was approved and adopted.

Agenda Item No.5:-

Re-appropriation of Expenditure incurred during the Financial Year 2019-2020

5.1 Chairman enquired whether anything is to be brought to the notice of Board and accordingly Commissioner informed that in 2019-2020 the payment to pensioners revised budget was Rs.85 lakhs but the expenses was Rs.86.37 lakhs including accrued expenses. Chairman informed that in totality there is excess / saving of Rs.48.93 lakhs therefore it is not concern of worry. Capt.Rajesh Tandon stated that once it shows savings, then there is no problem.

5.2 The re-appropriation of expenditure of the SPFO incurred during the financial year 2019-2020 was approved by the Board.

Agenda item No.6:-

Fixation of rate of Interest for credit to the Members Account for the Financial year 2020-21 on accrual basis.

6.1 Commissioner informed that in the 67th FSC meeting, 8% rate of interest for the financial year 2020-21 was recommended to Board. Chairman enquired on what basis 8% was recommended? Commissioner informed that anticipated balance in interest suspense account is Rs.220.71 crores and accordingly if 7.60% is proposed then balance in interest suspense account will be Rs.56.20 crores as a cushion. For crediting 8% rate of interest to the member's account, the securities in equity with a capital gain of Rs.10 crores may have to be sold. Chairman enquired whether setting off any amount due to the bad investment in DHFL and IL&FS is taken into consideration? Commissioner informed that interest on Rs.122.73 crores bad investment is not accounted for in the financial year 2020-21. Chairman stated that if 8% interest is declared in 2020-21 without a provision for the bad debts, then next year the rate of interest will come down to 5% after making such a provision. Chairman suggested that sale of equity can be used for making provision to set-off a provision to write off bad investment in a phased manner. Commissioner requested Shri.Dange to put light on the matter. Accordingly, Shri.Dange stated that the repercussions of Resolution Plan for DHFL being placed into effect in the coming Financial Year. It is felt that since the plan envisages payment of around 43% of the principle, the balance outstanding principle exposure to DHFL will have to be written off. Similar action will have to be taken in case of exposures to IL&FS Ltd and IL&FS Financial Services Ltd. In this context, the Board felt that the amount of principle write off that would need to be taken can be as high as Rs.68-70cr out of the exposure of Rs.122.73 cr. These companies are in default and write off is likely to be required to be taken in the next Financial Year i.e. 2020-21 which would adversely impact the interest available for disbursement in that year.

6.2 In this context, the Board explored the possibility making early provisions of the part write off from the income generated during the current Financial Year 2020-21. It was felt that in case we decide to slightly lower the rate of interest being paid to subscribers during this financial year to 7%, Rs.14cr can be saved out of the income generated for the year. The Board felt that given the quantum of estimated write off, it will be prudent to provide Rs.30cr during the current financial year. The Board noted that since our equity investments have done very well during the current year as Nifty has almost doubled from its level at the beginning of the year. It is advisable to book and lock-in some gains on our equity investment. However, Board also considered to hold a decent proportion of equity

investment so that more interest can be generated over the long term which will augment overall returns on the portfolio.

6.3 In view of this, the Board decided that capital gain of Rs.16cr may be booked on selling of the equity investments i.e. NIFTY ETF holdings worth Rs.40-41cr by market value and the Fund Managers be instructed to undertake this redemption exercise.

6.4 Board also decided that an amount of Rs.30 crores be set off towards recoupment of investments turning bad in cases M/s.DHFL and IL&FS till date.

6.5 The Board recommended 7% rate of interest for the financial year 2020-21.

Agenda item No.7:- **Redemption of Investment made in Equities for better returns to the Seafarer's**

7.1 Board decided that profits of Rs.16cr as a capital gain may be booked on the equity investments which will require selling of NIFTY ETF holdings worth Rs.40-41cr by market value and the Fund Managers be instructed accordingly. The amounts so realised be earmarked towards recoupment of the losses incurred due to bad investment in cases of M/s.DHFL and IL&FS.

Agenda item No.8 **Appointment of custodian of Securities for SPFO's Fund**

8.1 Commissioner informed that the FSC has approved appointment of SBI-SG Global Securities Services Pvt Ltd as Custodian of Securities for SPFO's funds at 0.001% of average quarterly AUM fee + taxes. Chairman enquired on what basis the appointment is recommended in spite of having lower score in technical bid. Shri.Piyush Gupta, CRISIL stated that SBI-SG is having 10 years' experience comparing to other bidders having 25 years hence, has the low score. Chairman enquired is there any other factors due to which SBI-SG scored lower?. Shri.Piyush Gupta replied that it was the only factor otherwise SBI-SG's other factors like number of clients, value of securities they handle, quantity of service due to which they are able to retain their clients are very good. Shri.Piyush Gupta stated that SBI-SG was the lowest bidder L1 in financial bids, hence was recommended. Chairman desired to know what will be their fees as per 0.001%. Commissioner informed that as on 31.03.2020 AUM was around Rs.2022 crores and accordingly their fees will be approximately Rs.2 lakhs per annum + taxes.

8.2 Capt.Rajesh Tandon stated that the Consultancy Evaluation Committee (CEC) had also raised same questions with CRISIL, since all the bidders had scored 70% of marks

(Eligibility criteria as per RFP) in technical bid, all were declared eligible to open their financial bids.

8.2 Board decided and approved the recommendation of Finance Sub-Committee for appointment of SBI-SG Global Securities Services Pvt Ltd as Custodian of Securities for SPFO's funds at 0.001% of average quarterly AUM fee + taxes for the period of two years w.e.f 01.04.2021.

Agenda item No.9 Status of Court Cases (Including Doubtful Investment).

9.1 The Board noted the position.

Agenda item No.10 Clearance of Un-posted Items.

10.1 The Board noted the position.

Agenda item No.11: Investment made for the period from 01.04.2019 to 31.03.2020

11.1 The Commissioner requested Shri.Dange to give his view on investment and accordingly Shri.Dange stated that they have started investing from 4th May 2019 and till Feb 2021, the return annualized is 8.99% and in the current financial year 2020-21 upto February 2021 they have generated 10.11% returns. Shri.Dange informed that they have received approval to enhance investment in equity from 5% to 15% in the month of August 2020 and they are now close to 15% limit of investment in equities.

11.2 Shri.Dange updated on DHFL investment that Piramal's group bid for company as a whole was selected by majority vote of senior lenders and got RBI approval. He further stated that 41% of principal amount may be recovered from DHFL. Further 'Yes Bank' is supported by SBI and will be back in track soon.

11.3 Board noted the position.

Table Paper No.1

Minutes of the Audit Committee on the Internal Auditor's Report for the 3rd quarter period from 01/10/2019 to 31/12/2019 and 4th quarter period from 01/01/2020 to 31/03/2020.

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

T.2 Chairman enquired whether any major issues were noted by the members and accordingly it was informed that there were no major issues.

Table Paper No.2

Minutes of the 67th Finance Sub-Committee meeting

T.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.P K Rane stated that in the new SPFO software some improvements are required for adjusting any excess paid by the company. Chairman stated that meeting should be held between both the parties and see what changes can be made to solve the issue.

6. Meeting ended with vote of thanks to the Chair.


23/09/2021
सचिव
न्यासी मंडल
नाविक भविष्य निधि
मुंबई


24/9/21
अध्यक्ष
न्यासी मंडल
नाविक भविष्य निधि
मुंबई