

**MINUTES OF THE 140th VIRTUAL MEETING OF THE BOARD OF TRUSTEES OF
THE SEAMENS' PROVIDENT FUND ORGANIZATION (SPFO), MUMBAI, HELD
ON WEDNESDAY, THE 3RD NOVEMBER, 2021 AT 03.30 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.Vivek Ashish	...	Member
3. Shri.Vijay Kumar	...	Member
4. Capt.Mahendra Pal Bhasin	...	Member
5. Shri.Abdulgani Y Serang	...	Member
6. Shri.Amar Singh Thakur	...	Member
7. Shri. S Kalaikovan	...	Member
8. Shri.Surendra Kumar	...	Secretary

Shri.Subhash Barguzer and Shri. P K Rane telephonically informed that due to preoccupied commitments they will not attend the meeting. Capt.Rajesh Tandon vide email dated 29.10.2021 informed that due to previous commitments he will not be able to attend the meeting.

2. Accordingly, leave of absence was granted to the above members. Shri. Ajit Dange, Vice President, SBIFM, Portfolio Management Services, Shri.David Das, Shri.Piyush Goyal and Ms.Shruti, CRISIL, consultant were invited as special invitees for briefing on investment matters and performance evaluation report of Portfolio Manager for the period July 2021 to September 2021.

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

Agenda Item No. 1: Confirmation of the Minutes of the 139th Meeting of the Board of Trustees, Seamen's Provident Fund Organization, held on 23rd July, 2021.

1.1 Minutes of the 139th meeting of the Board of Trustees, Seamen's Provident Fund held on 23/07/2021 was confirmed without any modification.

Agenda item No.2 : Action Taken Report

(A) Pertaining to action points that had emerged in the 139th meeting held on 23/07/2021:-

Sr. No.	Agenda	Subject	Action taken	Decision taken
1.	Agenda item No.2, Sr.No.1 (under Action Taken Report) in the 139 th Board meeting held on 23.07.2021	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	In online system, it is observed that shipping companies are depositing PF amount in bank but are not submitting or delay in filing PF return statement in system. To avoid such irregular practice, few changes suggested in the software i.e. first the	Commissioner informed that some of the shipping companies are depositing PF online in bank but they are not submitting PF statement of the seafarers. In absence of PF details, SPFO can't credit the

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		System with migration of existing data.	PF statement should be approved by the SPFO and subsequently the shipping companies may deposit the PF amount in bank. Hence, the software vendor suggested that the demo may be scheduled after changes in the software. It may take one or two weeks time.	PF amount in seafarers account. Therefore, the software vendor is requested to amend the software wherein the shipping companies will have to first submit PF statement for verification and on approval of SPFO, they can deposit the amount in bank. After the amendment, STPL will give a demo to all stakeholders. Chairman enquired that if they don't file and pay then, is there any penalty? Commissioner explained that penalty is not levied if shipping companies are paying PF within 30 days after sign off of the seafarers. Chairman stated that organisation cannot restrict the employer from depositing PF amount and also it could be loss to SPFO. The amount received shall be shown as 'Advance payment received' and damages shall be levied if there is a delay in submission of PF statement. Capt.Bhasin requested that a demo is required to be scheduled for the stakeholders for any query or any amendments. Board decided that a meeting for the stakeholders should be scheduled for their queries and amendments. Board also decided that an agenda for the revised proposal of damages if PF statement not received from the shipping companies should be placed in the next Board meeting.
2.	Agenda item No.2, Sr.No.2 (under Action Taken Report) in the 139 th Board meeting held on 23.07.2021	Amendment in Recruitment Rules.	As per Directorate General of Shipping letter dated 01.09.2021, the draft RRs uploaded on the website of SPFO for comments / suggestion of the concerned officers / stakeholders. However, suggestion of the SPFO official received by SPFO and the same is forwarded to Committee on 21.10.2021.	Chairman advised to pursue the matter with the DGS for further progress and update the Board. Board noted the position.
3.	Agenda item No.2, Sr.No.3 (under Action Taken Report) in the 139 th Board meeting held on 23.07.2021	Settlement of unclaimed amount of 4483 seafarers of the unclaimed amount of Rs.47.19 crores.	1) Initially list of the 4483 cases of unclaimed were pending from 01.04.1990 to 31.03.2015. Out of this, 1372 cases settled. However, SPFO uploaded latest list of 6731 unclaimed cases from 01.04.1990 to 31.03.2021 on website of Directorate General of Shipping and SPFO on 24.08.2021.	Commissioner informed that revised list of unclaimed 6731 cases from 01.04.1990 to 31.03.2021 was uploaded on website of Directorate General of Shipping and SPFO on 24.08.2021 and a revised alphabetical list was uploaded on 22.10.2021. Out of which 62 cases are cleared in 2021-

			Further, on receiving suggestions from Shri.Abdulgani Y Serang to upload data alphabetically list along with CDC Number on 22.10.2021, a revised list of unclaimed cases uploaded again in DGS & SPFO website on 22.10.2021. However, from total 6731 cases, 62 cases were cleared in the financial year 2021-22. A separate Agenda placed before Finance Sub Committee in its 69th Meeting held on 27.10.2021 and the minutes of the meeting is placed at Table paper No.1.	22. Shri.Abdulgani Y Serang stated that they have identified 3700 cases and are approaching seafarer for claiming final withdrawal on online portal. The Board appreciated the efforts taken by NUSI. Board noted the position.
4.	Agenda item No.2, Sr.No.4 (under Action Taken Report) in the 139 th Board meeting held on 23.07.2021	Actuarial Valuation for SPF Staff / Officers, Pensioners, Gratuity, Leave Encashment, etc.		Commissioner stated that an agenda regarding Staff General Provident Fund Account (STAFF GPF), SPFO was placed before the FSC in its 69th meeting wherein it was informed that recently rate of interest paid by nationalized banks are reducing drastically and the rate of interest declared by Government is 7.1% whereas interest earned on investments are @ 5% to 5.25%. Since, there is excess amount of Rs.15.32 Lakhs in GPF Interest suspense account, the gap between interest earning and disbursed can be managed for next few years. Shri.Vivek Ashish stated that as per Government norms, SPFO is required to credit the rate of interest declared by the Government and however rate of interest will not increase in near future. He further suggested that based on the portfolio manager's advice, SPFO can invest in other options to generate more interest to match with GPF rate of interest. Board decided that the Finance Sub-Committee may look into it again in practical aspects and may manage these funds with SPFO main account.
5	Agenda item No.2, Sr.No.5 (under Action Taken Report) in the 139 th Board	Internal Repair / Renovation of office premises of SPFO.	Letter sent to Central Public Works Department on 24/09/2021. Reply dated 14.10.2021 (Annexure 'A') received from CPWD to pay the balance amount of Rs.916,416/- and	Commissioner informed that CPWD will complete the formalities within 60 - 70 days after releasing the balance payment of Rs.916,416/- on

	meeting held on 23.07.2021		further informed that 60 to 70 days will be required them to complete the formalities. Accordingly, the balance payment has been released on 22.10.2021 (Annexure 'B').	22.10.2021. Board noted the position.
6	Agenda item No.2, Sr.No.6 (under Action Taken Report) in the 139 th Board meeting held on 23.07.2021	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.	The details of 10 seafarers are uploaded on website of Directorate General of Shipping and SPFO on dated 05.10.2021.	Board noted the position.
7	Agenda item No.2, Sr.No.7 (under Action Taken Report) in the 139 th Board meeting held on 23.07.2021	Exemption under Section 20 of Seamen's Provident Fund Act 1966 to Shipping Companies	Reminder has been sent to M/S Tolani Shipping Company Limited to submit annual accounts for the last three years on 05/10/2021. Reply awaited.	Commissioner informed that the matter was placed in the 69 th Finance Sub-Committee meeting and it was decided that since M/s.Tolani Shipping Ltd has not responded to SPFO's letters, the matter may be closed and M/s.Tolani Shipping Ltd may be informed to deposit PF of seafarers including Officers.
8	Agenda item No.2, Sr.No.8 (under Action Taken Report) in the 139 th Board meeting held on 23.07.2021	Seafarers Annuity Fund Scheme for Seafarers	1) Commissioner stated that a PPT of draft amendment of SPF Act was sent to Shri.Ash Mohammed, DDG (MSL) on 05.07.2021. Capt. Rajesh Tandon stated that it was decided to first interact with employee's union and employer Association. The Chairman stated that he will check the presentation of draft amendment in SPF Act and a meeting will be scheduled for the members of BoT for further scrutiny. 2) Commissioner informed that a letter dated 11.08.2021 sent to SWFS to intimate date of their FSC members for convening virtual meeting. Reply awaited.	1) Commissioner informed that an email dated 27.10.2021 was received from DGS seeking information on comparison of EPFO and SPFO and accordingly the reply was sent on 03.11.2021. Chairman stated that the details are required as per scheme wise. 2). Board noted the position.
9	Agenda item No.2, Sr.No.10 (under Action Taken Report) in the 139 th Board meeting held on 23.07.2021	Filling of the vacant post in SPFO	1) The Scrutiny of the applications are being carried out. It will be placed before the Recruitment committee to finalize the list of eligible candidates. 2) As per the decision of Recruitment Committee meeting held on 21.09.2021, the revised proposal sent to Directorate General of Shipping for approval i.e. "A) As per earlier order of DGS/Chairman, whether to rely on merit list on the basis of Education Qualification. or B) As per decision of Recruitment Committee members, the matter is	1) Recruitment for the post of Junior Assistants :- Commissioner informed that the applications received are being scrutinized and will be placed before the Recruitment Committee. Board noted the position. 2) Recruitment of MTS:- Shri.Thakur enquired whether the selection committee can give weightage to the candidates who have relevant experience in SPFO. The Chairman clarified that MTS is Grade 'C' post and filling up on merit basis will be beneficial to the organisation.

			placed before Chairman/DGS for kind advice whether due weightage be given to the candidate having relevant working experience in SPFO along with educational qualification." Accordingly, DGS instructed to give a clear and definite recommendations with justification and hence an email dated 25.10.2021 was sent to the recruitment Committee to give their comments.	
10	Agenda item No.2, Sr.No.12 (under Action Taken Report) in the 139 th Board meeting held on 23.07.2021	Annual Accounts for the financial year 2019-2020	The Annual Account & Report for Financial Year 2019-2020 has been sent to Ministry of Ports, Shipping and Waterways on 22.09.2021 for laying in both the houses of Parliament. Reply awaited.	Board noted the position.
11	Agenda item No.2, Sr.No.13 (under Action Taken Report) in the 139 th Board meeting held on 23.07.2021	Annual Report on working of Seamen's Provident Fund Scheme, 1966 for the year 2019-2020.	The Annual Account & Report for Financial Year 2019-2020 has been sent to Ministry of Ports, Shipping and Waterways on 22.09.2021 for laying in both the houses of Parliament after making suggested corrections.	Board noted the position.
12	Agenda item No.2, Sr.No.14 (under Action Taken Report) in the 139 th Board meeting held on 23.07.2021	Fixation of rate of Interest for credit to the Members Account for the Financial year 2020-21 on accrual basis.	Fixation of rate of Interest for credit to the Members Account for the Financial year 2020-2021 @ 7% has approved by Ministry of Ports, Shipping and Waterways vide letter no. 19.08.2021. The work pertaining to the interest calculation assigned to the STPL.	Board noted the position.
13	Agenda item No.3 in the 139 th Board meeting held on 23.07.2021	Deposit of PF of officer by Indian shipping companies	An email dated 11.08.2021 and letter dated 30.08.2021 is sent to the Shipping Master Mumbai, Chennai and Kolkata to provide the list of shipping companies manning Indian Flag vessels. Also letter dated 30.08.2021 were sent to all Po's, MMD's and SWFS to provide the list of shipping companies manning Indian flag vessels. Two replies received from Shipping Master, Kolkata, MMD, Kochi and MMD Mumbai was received on 18.10.2021. The verification of the list is under process to check whether the companies are registered with SPFO and if registered the PF of officers is deposited or not. Accordingly, letters will be issued to the shipping companies.	Commissioner informed that in response to this office letter dated 30.08.2021, a list of shipping companies is received from the MMD Mumbai on 18.10.2021 and the same is been scrutinized. Accordingly, letters will be issued to the shipping companies not registered with SPFO and not depositing PF of officers. Board noted the position.
14	Agenda item No.5 in the 139 th Board meeting held on 23.07.2021	हिंदी अनुवादक के रिक्त पद को भरने संबंधी प्रस्ताव	The applications are invited for filing the post of Hindi Translator by publication in 'The employment News, Delhi on 9 – 15 October 2021 (Annexure 'C') and is uploaded on the website of DGS & SPFO.	Board noted the position
15	Agenda item No.9 in the 139 th Board meeting	Performance Evaluation Report of Fund Manager assessed	It was decided by the Board that in the Annual accounts / Reports for the financial year 2020-21, it should be	Board noted the position.

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	held 23.07.2021	on by CRISIL Consultant	mentioned for information that overnight funds are treated as Investment in Liquid Mutual Fund.	
16	Table Paper No.2 in the 139 th Board meeting held on 23.07.2021	Framing Internal policy of investment for SPFO	Separate Agenda was placed before the FSC in their 69 th meeting held on 27.10.2021 and the minutes of the meeting is placed at Table paper No.1.	The matter is discussed under agenda item No.6.

Agenda item No.3: Minutes of the Audit Committee on the Internal Auditor's Report for the 1st quarter Period from 01/04/2020 to 30/06/2020 and 2nd quarter period 01/07/2020 to 30/09/2020.

3.1 The Chairman enquired is there any adverse remarks / observations of the Internal Auditor. It was informed that the Audit Reports were satisfactory and without any adverse remarks.

3.2 The Board of Trustees accepted the same.

Agenda item No.4: Performance Evaluation Report of Fund Manager assessed by CRISIL Consultant

4.1 Commissioner invited Shri.Piyush Gupta to brief the members on the performance evaluation report of Fund Manager assessed by CRISIL and accordingly, Shri.Gupta stated that overall fund size (amount invested) as on 30th September 2021 is Rs.2,082.66 crores. Ms.Shruti briefed the members and concluded that Portfolio manager were over and above the benchmark of CRISIL.

4.2 Board noted the position.

Agenda Item No.5 : Final settlement of Doubtful Investment in DHFL

5.1 Commissioner informed that Rs.107.37 crores was invested in DHFL NCDs through Portfolio Manager and after downgrade of ratings of DHFL, SPFO exercised early redemption option of NCDs amounting to Rs.3 crores as suggested by Portfolio manager with the consent of members of Board of Trustees, SPFO. Commissioner further informed that as per the final settlement of above securities of Rs.104.37 crores, amount of Rs.27.62 crores received in form of NCD of 6.75% Piramal Capital & Housing Finance Ltd 26SP31 FVRS1000 and cash received of Rs.22.96 crores with a capital loss in this securities of Rs.53.79 crores.

5.2 The Chairman enquired with Portfolio manager what is the plan for Piramal bonds ? Whether we have to struck with these bonds? Shri.Dange explained that it is issued with locking period and Piramal bonds looks better in last 2-3 years.

5.3 Chairman enquired regarding the write off of the doubtful investment in DHFL. The Commissioner informed that Board decided in its 138th meeting held on 16.03.2021 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. In this connection, an amount of Rs.16.33cr and an additional amount of Rs.14.00cr (anticipated) savings from interest disbursed to members account in the financial year 2020-21 totaling to Rs.30.33 cr is earmarked towards set off. The balance will be setn off in next financial year 2021-22.

5.4 Board noted the position.

Agenda Item No.6 :

Draft Investment Policy of SPFO

6.1 Commissioner informed that the matter was placed before the Finance Sub-Committee in its 69th meeting and recommended their proposal to Board. The Commissioner requested Shri.Piyush, official of consultant to brief the Board. Shri.Piyush informed that CRISIL has prepared draft investment policy of SPFO wherein it is mentioned to purchase Tier 1 Bonds issued by banks AAA rated issuer. Portfolio manager's perception is that there is an opportunity to improve the yield on debt investments by investing in Perpetual Tier I bonds of banks with its embedded 5 year call option as these instruments carry higher yields compared to other 5 years debt papers issued by the same banks and call option is always exercised by the bank as long as they want to protect their access to the Tier 1 capital from the market. Shri.Dange stated that while they would be agreeable at present on restricting the corporate Bond / Debenture investments to AAA rated corporates, presently even the Tier 1 bonds of strongest PSU bank SBI is rated AA+ today. Hence, they would need a dispensation to go up to AA rated Tier 1 bonds. They comforted the Finance Sub-Committee by stating that they would be doing their own research on strengths of these bonds issuers and would be restricting to a select few top banks. In any case, the Ministry of Finance policy guidelines allow exposure of only 2% of total portfolio of provident funds for the Tier 1 Perpetual Bonds and as such the risk will be inherently well within the prudent limits.

6.2 The Chairman enquired are these bonds permissible as per the guidelines issued by Ministry of Finance. Shri.Dange informed that it is permissible as per the investment guidelines and the same was confirmed by Shri.Piyush, representative of Consultant.

6.3 Board approved the recommendation of Finance Sub-Committee to allow purchase of AA+ bonds.

6.4 Shri.Piyush further informed that CRISIL has mentioned that investment in equities to be carried out in 'Systematic Investment Plan' (SIP) manner with 15% of any monthly flows being invested in Nifty ETF to remove the market timing risk. Shri.Dange stated that while this would suit them by reducing their work and risk of underperformance to the benchmark, it would prevent SPFO from benefitting from their equity market view which is executed by way of market timing. Shri. Dange also stated that SPFO has benefitted from the timing the market well throughout the time since the mandate is being managed by them and have generated good outperformance of over 5.5% solely through the market timing over the benchmark being calculated by the Consultant during even the current year. Hence, it would be unwise to restrict the fund manager from improving the performance. Shri.Dange also stated that in case they underperform the equity benchmark calculated by the consultant by assuming SIP mode of investment, SPFO always has the right to tell them in the subsequent quarterly review meeting to revert to SIP mode.

6.4 Board approved the recommendations of Finance Sub-Committee that as long as benchmark is matched there should not be any problem, however, CRISIL will be reviewing the investments periodically and if assesses below the benchmark, then can be reviewed / changed immediately.

6.5 Shri.Dange stated that restricting SPFO's equity exposure to only NIFTY ETF will be suboptimal option as they are of the opinion that broader market will do much better than the NIFTY over the next few 3-4 years and they believe that good diversified Multicap MF schemes can generate excess returns of at least 4-5% over and above the concentrated and richly valued NIFTY50 index on compounded annualized basis. Hence, not using the dispensation provided by the Ministry of Finance investment policy guidelines to invest 5% of annual accretions (or 1/3rd of equity investments) into diversified MF schemes would lead to loss of opportunity to get this superior return from the equity investments. Hence, SPFO may consider permitting investments in diversified equity Mutual fund schemes.

6.6 Board approved the recommendations of Finance Sub-Committee to invest 5% in other mutual funds.

6.7 Shri.Piyush stated that the exit policy process on premature sale of a security in the debt portfolio, the portfolio manager shall take permission from the BoT, SPFO. Shri.Dange opined that requiring SPFO's approval for sale of any investment would lead to delays which will result in loss of opportunity in both debt and equity sale as market may move against our position by the time approvals are obtained. Hence, it would be prudent to allow fund manager to take the sale call whenever they feel it is warranted. SPFO may consider placing some restriction on booking of losses in sale of investment. Shri.Dange also highlighted that one of their key clients have permitted them to book losses upto 15% on their investment holdings whenever warranted by changing market conditions and outlook on the individual holdings.

6.8 Board approved the recommendation of Finance Sub-Committee and decided that portfolio manager will take permission from Board if expected loss is more than 10% while selling securities.

Agenda Item No.7: Investment of Four Accounts, Seamen's Provident Fund Organisation (SPFO)

7.1 Commissioner informed the members that SPFO has five investment head of accounts totaling to Rs.2025.86 crores and investment of SPF account of Rs.2002 Crores is managed by the portfolio manager. Commissioner further stated that the investment of the other four accounts totaling to Rs.23.42 crores is managed by SPFO in FD's / TDR's for a period of 1-5 years as per the SOP. Recently, the rate of interest of the bank on FD's are drastically reduced. Therefore, SPFO has approached SBIFM portfolio manager to invest the accumulated funds of the other four accounts. SBIFM informed that to avail their Advisory services for these four accounts as Discretionary portfolio services will require setting up of custody accounts separately for these four accounts at substantial costs which may not be economical for SPFO as given mandates for four small size funds. Commissioner informed that in the 69th FSC meeting Shri.Dange stated that he is ready to provide advisory services to SPFO without agreement or fee of Re.1/- and Committee recommended to Board for approval.

7.2 Chairman stated that demat account will have to be opened for all the four account and enquired who will hold the securities? Chairman further stated that the matter should be looked up on practical point considering whether all the four accounts can be merged with SPF main account for investment and how to operate.

7.3 Board decided that the Finance Sub-Committee look into it again in practical aspects and may manage these funds with SPFO main account.

Agenda Item No.8: Status of Court Cases (Including Doubtful Investment)

8.1 Commissioner informed that due to lockdown, courts are not functioning regularly. Hence, there is no appreciable change in status of court cases.

8.2 The Board noted the position.

Agenda Item No.9: Clearance of un-posted items.

9.1 Board inferred that the progress of clearance of un-posted items is slower, may be due to lockdown, but should be speeded up.

9.2 The Board noted the position.

Agenda Item No.10: Investment made for the period from 01.04.2020 to 31.03.2021

10.1 Commissioner briefed the members and stated that the pattern of investment as per Ministry of Finance was maintained at the end of the financial year. Adding to this, Shri.Dange informed that portfolio manager will invest in State Government & PSU until market improves. This year they achieved 15% of investment in equities.

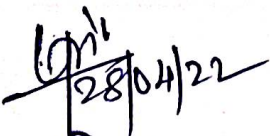
10.2 Board noted the position.

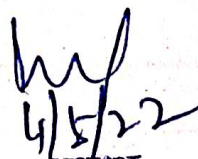
Table Paper No.1 Minutes of the 69th Finance Sub-Committee meeting

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.

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


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न्यासी संडल
नाविक अविष्य निधि
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